



Craxi's skilful tightrope act comes to a sudden end

BY JAMES BUXTON IN ROME

"EVERY SINGLE time this Government faces a parliamentary vote, it's taking a chance," said one of the Craxi Government parliamentary managers a few weeks ago.

ally themselves clandestinely with the Communist opposition to cause the Government to be defeated. It has happened dozens of times since the administration of Mr Bettino Craxi came to power in August, 1983.

virtually assured since such things are taken on a public roll call basis. Four minutes after the success in the confidence vote, the finance measure was put to a secret ballot. The result was 293 votes against the Government and 268 in favour.

was defeated minutes after winning a confidence vote in September, 1980, it lost by only one vote — and the number of MPs who changed sides was "only" about 30. Mr Cossiga immediately handed in his resignation. He is now President of the Republic.

as well as to his own exceptional political skills and to the implicit threat to the Christian Democrats that, if they were not careful, Mr Craxi would continue to have general elections in which they might do badly.

stantially in the Sicilian elections. He hoped to gain two or three percentage points more than the 15.1 per cent the party won there in last summer's provincial elections. This would have been a pointer to what could have been expected in a general election.



Mr Craxi: rebuffed



Mr De Mita: sparring

State of emergency will only buy time, says Buthelezi

BY ANTHONY ROBINSON IN JOHANNESBURG

CHIEF Gatsha Buthelezi, leader of the African National Congress, yesterday criticised the state of emergency which he said "might create the illusion of peace but in no way addressed the root causes of the country's problems and in fact made them worse."

to repeat what he called "the Rhodesian mistake." President P. W. Botha's July 12 speech announcing the state of emergency contained "ominous hints of a creeping unilateral declaration of independence, and the same acceptance of sanctions and the introduction of censorship to hide, not change, the reality."

He listed five vital elements for change. These must include: 1. A plan to remove all discriminatory legislation; 2. Scrapping the tri-cameral parliament;

in suppressing black anger until police was finally seized by a Marxist-orientated government. On Sunday, Chief Buthelezi, a devout Anglican, plans to address a "prayer meeting for peace and unity" in Jabulani Stadium in Soweto — the first time he has ventured out of his KwaZulu/Natal stronghold to address a mass meeting in Soweto since November 1984.

emergency was declared on June 12 up to 72. The police also announced the arrest of four suspected African National Congress (ANC) members in Durban. They are being held under Section 29 of the internal security laws in connection with recent bomb blasts in the Durban area.

civilian and military targets. Meanwhile, the Government has awarded a rand 10.6m contract for the laying out of site-and-service facilities in land cleared near Crossroads squatter camp, after weeks of heavy fighting led to the destruction of thousands of shanties and made up to 80,000 people homeless.

Gemayel warns West against compromise with terrorists

PRESIDENT Amin Gemayel of Lebanon said in an interview yesterday that the West should not compromise with terrorists or offer them rewards.

Opposition leaders have tried to blame Mr Gemayel for the country's economic woes and have made an issue of military spending for US-supplied Lebanese army equipment approved at least six years ago.

Free Mandela, Pretoria urged

Following is the partial text of the European Council's statement on South Africa:

1—The European Council is gravely concerned about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The European Council believes that the present policies of the South African government can only lead to increasing repression, polarisation and bloodshed.

the victims of apartheid, in particular those affected by the disturbances in Crossroads and to political prisoners, including those arrested in connection with the recent re-imposition of the State of Emergency.

African Government: 1. Unconditionally to release Nelson Mandela and other political prisoners; 2. To lift the ban on the African National Congress, the Pan Africanist Congress of Azania, and other political parties.



Mr Denis Healey, the British Labour Party's shadow foreign secretary (pictured left), said at the end of his four-day visit to South Africa that the country had become more of a police state since his last visit in 1970 and that the current situation seemed "in tune with detaining every element of rational leadership among blacks."

"His fear was that Mrs Thatcher would eventually be dragged kicking and screaming into inadequate sanctions which create the worst of both worlds by not shifting the opinions of Pretoria but still cause damage to the economy."

Nora Boustany in Beirut interviews the Lebanese President who handed a veiled rebuke to France for bowing to Iranian pressure as a way out of the hostage crisis

"Of course I am responsible for the Lebanese people. But you cannot separate the economic crisis and the political situation. The economic conditions are very bad because of the cumulative effect of 12 years of war. Terrorism is a sick country is more devastating and more painful to endure."

He said his intuition told him that his rivals and opponents will be compelled to come back to the negotiating table. "This socio-economic war will give people something to think about and if dialogue does not resume, all militia leaders will be swept away."

EEC sanctions leave gold unscathed but may hurt steel and coal

BY STEFAN WAGSTYR, CHRISTOPHER PARKES AND MAURICE SAMUELSON

THE EEC's threat to ban imports of South African gold coins will have little or no effect on the country's gold mining industry.

South Africa has in the past year stopped minting the Kruggerand, its best-selling coin, following a slump in sales after the US, Japan and the UK imposed import bans. Gold producers, who used the Kruggerand to spearhead a hugely-successful marketing campaign, have switched to more discreet forms of promotion.

last year. Other producers are also on the attack: the US and Australia plan to launch gold coins in the autumn.

cut this premium to zero. Loss of access to the European Community steel market could cost South Africa between £80m and £100m a year in export earnings, according to industry estimates.

a large proportion going to the EEC. However, it was unclear yesterday whether the suggested embargo would affect this trade.

\$7 a tonne cheaper than that of its main competitors, the effect of a European boycott could be largely neutralised if, as already seems to be happening, South Africa succeeds in shifting its European sales to the Far East.

Portuguese PM wins vote

PORTUGAL'S Social Democrat Prime Minister, Mr Anibal Cavaco Silva, strengthened his fragile hold on office yesterday by winning a vote of confidence Peter Wise reports.

Constancio, the former Governor of the Bank of Portugal, to succeed the party's veteran leader and founder, Mr Mario Soares, who left the party when he was sworn in as president in March.

Congress rejects Reagan's budget priorities for 1987

BY STEWART FLEMING IN WASHINGTON

CONGRESS has rejected President Ronald Reagan's fiscal priorities by approving in the early hours of yesterday morning a budget resolution which claims to meet the \$144bn (£96bn) deficit target for 1987.

to begin in earnest in the authoring and appropriating committees on Capitol Hill, where the detailed spending decisions are made. The budget resolution itself is not a legislative vehicle requiring presidential signature but a guide and, in principle, a disciplining force, for Congress in the budget process.

World Court condemns US over Contras

BY LAURA RAUN IN THE HAGUE

NICARAGUA scored a legal and moral victory yesterday when the World Court ruled overwhelmingly that the US had broken international law by supporting Contra rebels in a bid to topple the Sandinista Government.

Managua for economic damages resulting from a trade boycott, the harbour mines and oil installation attacks.

argued that the issue should be settled in the UN or the Contadora process, which is a peace initiative of four Central and South American countries.

military aggression against Nicaragua. Father Miguel D'Escoto Brockmann, the Foreign Minister, and court agent for Nicaragua hailed the decision in an eloquent statement that had been printed in anticipation of a favourable ruling.

THE FINANCIAL TIMES is proposing to publish a VANS AND LIGHT TRUCKS MONDAY JULY 14 1986

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Japan and EEC head for new trade dispute

By CARLA RAPOPORT IN TOKYO

JAPAN and the EEC look set for another bitter trade row as exports from Japan to Europe continue to climb. EEC officials in Tokyo yesterday claimed that Japanese exporters are actively shifting sales to Europe, where the appreciation of the yen against local currencies has not been as marked as its appreciation against the dollar.

JAPANESE EXPORTS TO THE EEC January-May (units) Volume increase over Jan-May 1985

Japanese imports from Europe also rose significantly in the period, by 24.5 per cent, during the first five months of this year, exports from Japan to the EEC countries have increased by 53 per cent in dollar terms and 28 per cent in volume over the same period last year.

Mr Brinkhorst said that the issue will be taken up at high-level EEC-Japan trade talks due to be held from July 7 to 9 in Brussels.

European leaders goad ministers to action

By Paul Cheswright in The Hague

EUROPEAN COMMUNITY leaders yesterday gave a fresh push to the far-reaching plan of creating a Europe without trade barriers by 1992.

"Although the decision-making process has speeded up during the first half of 1986, it is still necessary to improve it substantially if the objectives fixed for the current year are to be attained and if the final objective is to be achieved," they said in a communiqué.

They offered no new techniques of decision-making, however, contenting themselves with instructions to ministers simply to get a move on.

Mr Brinkhorst said that the issue will be taken up at high-level EEC-Japan trade talks due to be held from July 7 to 9 in Brussels.

Pyeongyang has until June 30 to decide which path to follow, Steven B. Butler writes Olympic offer puts N. Korea at crossroads

NORTH KOREA is facing a stark decision which will have a critical impact on its external relations for many years.

If it accepts, North Korea will be thrust inevitably on a path which will open its borders increasingly to the world and which will force it to co-operate closely with the South.

It is not an easy choice. The Olympic question is forcing North Korea to respond directly to the fact that its enemy South Korea is growing more prominent internationally and has become widely accepted as a legitimate government, even among Pyongyang's Communist and non-aligned allies.



The main stadium of the Seoul sports complex, already built when North Korea raised a proposal to co-host the 1988 Olympics

Early this month Mr Juan Antonio Samaranch, the IOC president, made what he called a "final" offer. North Korea could host table tennis and archery, as well as the football preliminaries.

If Pyongyang rejects the offer, it will be a slap in the face not only for Seoul, which is almost certain to accept, and the IOC, but also for the Soviet Union.

Any attempt by Pyongyang to boycott the Games would be likely to be joined by only a few extremist governments, such as Albania.

North Korea would be forced to watch its principal allies, China and the Soviet Union, send full sporting contingents.

The prospect of allowing in thousands of curious journalists, who would inevitably attend the events in Pyongyang just to have a glimpse of one of the world's most closed and tightly regulated societies, must be daunting for North Korea's leaders.

Diplomats believed at first that Pyongyang was preparing to accept the IOC's offer.

But the IOC in Lausanne has heard nothing officially. The propaganda campaign could be designed to strengthen Pyongyang's hand for an improved deal, perhaps including the hosting of football finals, which would be a great prize.

But the point of no-return is rapidly approaching, and which over path it chooses, North Korea is unlikely to come out a winner.

like a propaganda campaign to accompany rejection of the offer. It proposed high-level talks with the US aimed at reducing tensions on the Korean peninsula.

South Korea's swift and blunt rejection of this proposal, which Pyongyang surely anticipated, will add grist to the latter's claims that military tension makes Seoul an unsafe place for international events.

North Korea's this week followed up its proposal with a suggestion that the peninsula be declared a nuclear-free zone. It has accused the US of maintaining a vast arsenal of nuclear weapons in the South and an accusation which the US neither confirms nor denies.

Last weekend, a vice-president of the North Korean Olympic committee denounced the IOC's proposal as "preposterous," saying it would relegate Pyongyang to a minor role subsidiary to the Seoul Olympic organising committee.

He reiterated the North's demand that the Games be co-hosted, with events split between the two cities.

International Corporate Trust Company Of Sint Maarten N.V. FRONTSTREET 7 P.O. BOX 245 PHILIPSBURG SINT MAARTEN, NETHERLANDS ANTILLES

US and New Zealand part company over future of Anzus

THE 35-year-old Anzus military alliance, linking the US with Australia and New Zealand, is to lose its smallest partner following the failure of critical talks in Manila yesterday.

Chris Sherwell reports from Manila on the differences that have split a 35-year-old military alliance and will leave Wellington without Washington's security umbrella.

According to Mr Lange, yesterday's meeting took place "absolutely without rancour."

Rejection suggestions that Anzus was dead, Mr Shultz said the Alliance would continue to operate "minus one member."

Mr Shultz and Mr Lange were in Manila to represent their countries in separate talks between the six-member Association of South East Asian Nations (Asean) and its major trading partners.

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Papandreu warning on Turkey to Hague summit

By QUENTIN PEEL IN THE HAGUE

MR Andreas Papandreu, the Greek Prime Minister, served notice on his fellow EEC leaders at their summit in the Hague of his Government's determination to set conditions on the normalisation of relations between Turkey and the Community.

Mr Papandreu told the other Community leaders that he did not intend to block the holding of an association council with Turkey in September, but he said he would be seeking an exemption for Greece from any measures to allow Turkish workers freer access to jobs.

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Canada plans transport change

By BERNARD SIMON IN TORONTO

THE CANADIAN Government has proposed a sweeping but gradual deregulation of the country's transport system in a bill tabled in parliament.

Mr Don Mankowski, the Transport Minister, said the new rules are designed to allow free-market forces to dictate transport costs and services without jeopardising safety, Canadian control of the industry or the maintenance of services to remote northern communities.

Air licences on main routes will be available to all domestic carriers "at, willing and able" to provide services. But services in northern Canada will remain subject to a "necessity" test. The agency will be empowered to disallow air fares viewed as predatory.

BASE LENDING RATES table with columns for Bank, Rate, and %.

A FINANCIAL TIMES SURVEY WALES The Financial Times proposes to publish a survey on the above on WEDNESDAY SEPTEMBER 3 1986

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Zimbabwe businessmen show loss of confidence

By TONY HAWKINS IN HARARE

BUSINESS confidence has taken a marked downturn in Zimbabwe in the first half of this year, according to the University of Zimbabwe's business opinion survey covering 121 industrial concerns.

The report forecasts a marked slowdown in the rate of industrial growth from more than 11 per cent last year to no more than 4 per cent in 1988.

Without this, the balance of payments constraint will intensify and unemployment worsen

CITY CLOCK INTERNATIONAL N.V. Notice OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 25TH, 1986.

NOTICE IS HEREBY GIVEN THAT, PURSUANT TO THE PROVISIONS OF THE ARTICLES OF INCORPORATION THE ANNUAL MEETING OF SHAREHOLDERS OF CITY CLOCK INTERNATIONAL N.V. WILL BE HELD AT FRONTSTREET 7, PHILIPSBURG, ST. MAARTEN, NETHERLANDS ANTILLES, ON 25TH OF JULY 1986 AT 2 P.M.

Agenda

- 1) OPENING
2) APPROVAL OF FINANCIAL STATEMENTS
3) APPROVAL OF RESOLUTIONS
4) INCOMING DOCUMENTS
5) APPOINTMENT OF AUDITORS
6) OPEN FLOOR

BY ORDER OF THE MANAGING DIRECTOR, INTERNATIONAL CORPORATE TRUST COMPANY ST. MAARTEN N.V.

UK NEWS

Nalگو wins right to review of water sell-off plans

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE UNION representing five-collar workers in the water industry has won the right to seek a judicial review of the plans for privatisation of Thames Water, the biggest and most profitable water authority.

Mr Justice Brown granted an injunction to the High Court by which the National Association of Government Officers' Association, claiming that Thames has no authority to proceed with privatisation plans.

In return for an agreement by Thames to take no further action for the time being, Mr Pitt said, the union would undertake to seek an expedited or urgent hearing.

Guillotine brought in for EEC market bill

By Ivor Owen

HARASSED GOVERNMENT business managers will use the parliamentary guillotine to ensure the passage of the bill designed to speed the completion of the European Community's internal market.

Tory back-bench critics of the bill joined with opposition MPs to upset the Government's plan to complete the committee stage yesterday. It is necessary to extend the 2.30 pm Friday deadline for the discussion of legislation for an unspecified period.

Study recommends restructuring legal aid

BY HAZEL DUFFY

THE SYSTEM of legal aid and advice should be restructured to provide a more efficient and effective service, according to recommendations made yesterday by an inter-departmental team of civil servants.

Lord Hailsham, the Lord Chancellor, yesterday gave the Government's offer on the level of criminal legal aid fees to be paid to barristers and solicitors in 1986-87.

The report of the team co-ordinated by the Prime Minister's Efficiency Unit estimates that savings of about £30m could result if recommendations were implemented.

neither satisfactory nor practical at the present time." The main recommendations are: A Legal Services Board, appointed by the Lord Chancellor, to be responsible for all aspects of legal aid and advice.

Guinness to seek US quotation

BY LISA WOOD

GUINNESS, the brewing, spirits and retailing group, has obtained First Boston, the New York investment banker, to advise on its US investor relations programme and is seeking in due course of a quotation on Nasdaq, the "over-the-counter" US stock market.

intends in due course to obtain a quotation for its ADRs in the National Market System of Quoted Securities (Nasdaq). First Boston will make an primary market for Guinness ADRs.

Mr Simon Duffy, director of corporate finance at Guinness, said the full quotation would be sought in the next six to nine months but it was not an offering of new shares.

Fibre optic grid study urged

BY RAYMOND SNOODY

THE PEACOCK Committee on the financing of broadcasting has recommended that serious consideration be given to creation of a national fibre optic grid to distribute television programmes toward the end of the century.

television channels can be transmitted down a single strand as thin as a human hair. Creation of a national fibre optic grid is central to the Peacock Committee's long-term ideas for a deregulated broadcasting service, in which the consumer would pay for programmes, one at a time.

CIS offers mortgage incentives

By Eric Short

FREE conveyancing during 1986 is being offered to borrowers by the Co-operative Insurance Society, one of Britain's largest home service insurance companies, as part of its new mortgage service.

Grants trial to help council tenants buy private homes

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

THE GOVERNMENT has given the go-ahead for trial grants to help council tenants buy a home in the private sector. The scheme would give them up to £5,000 if they did not want to buy a council house they were living in.



Sir George Young: 'Ideas deserve consideration'

It is designed to help release homes for families in bed and breakfast accommodation, which now costs local authorities £12m a year and the Department of Health and Social Security £26m.

the scheme will not match the scale of assistance available under the existing right to buy legislation, where tenants can get up to £25,000 discount if they want to buy the council house they are living in.

New hospital for Solihull approved

MR NORMAN FOWLER, Social Services Secretary, has approved in principle the first phase of a new district general hospital in Solihull costing £23m.

BT pulls the plug on porn messages

BY JASON CRISP

BRITISH TELECOM has found a way to stop companies offering recorded pornographic services on the telephone — without being accused of being a censor.

the committee that such a national network was technologically possible, but that the cost would be enormous, and it was an open question whether it would be commercially viable.

BT was criticised this year in parliament, the press and by Mary Whitehouse, the morals campaigner, because the magazine Penthouse was supplying suggestive messages as a premium recorded service.

The issue is not seen as a live one in BT at the moment, but if the Government were to back a national fibre network grid, BT would in return almost certainly seek relief from what it sees as its present regulatory burden.

BAA reports big fall in US travellers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

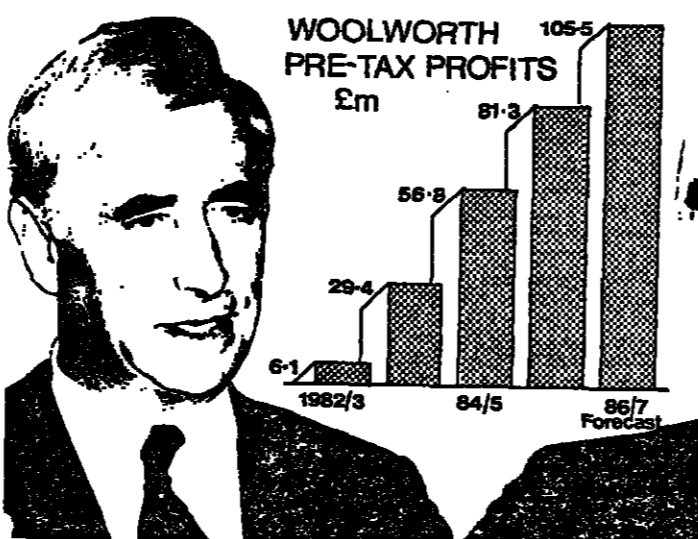
THE FULL EFFECT of this summer's shortfall in air passenger travel across the North Atlantic is emerging. The British Airports Authority reports that in May passengers at Heathrow dropped by 8 per cent against May last year, to just under 2.5m.

and US routes dropped by 10 per cent. Overall scheduled service traffic at Gatwick was up by only 2 per cent. Elsewhere in the UK the holiday charter traffic showed increases over the corresponding month of last year. At Glasgow an upsurge in outbound holiday traffic helped raise overall traffic by 25 per cent, to 290,200 passengers.

Charles Batchelor examines the City's reactions to Woolworth's defence against Dixon's attempt to gain control

First big bid battle after takeover advertising ban nears climax

FOR RETAILERS adept at promoting their wares, the timing of Dixons £1.8bn takeover bid for Woolworth Holdings, which is to reach its climax on Wednesday, may be unfortunate.



Stanley Kalms (left) and Geoff Mulcahy await the outcome on Wednesday.

With the exception of Charterhouse, which masterminded the Woolworth buy-out, none of the original backers has made a formal commitment to back the present board.

Woolworth is also dividing its stores into about 200 Weekend Woolworths—larger stores in main shopping areas—with the six areas' full range—and 600 General Stores on less busy High Streets with a simpler range for the casual shopper.

First-time homes rise 10% in SE

By Nick Banker

FIRST-TIME house buyers in the south-east have faced a 10.2 per cent leap in the last three months in the price of the average starter home, says the UK's second biggest building society, the Abbey National.

That means that the last 13 weeks have added more than £5,500 to the price young people in the south-east can expect to pay for their first home, flat or maisonette. It now stands at £38,888, up 22 per cent since the same time last year.

Mr John Bayliss, an Abbey National general manager, warned yesterday about the threat of financially overstretched young people falling into mortgage repayment difficulties.

"The very high rises now facing first time buyers particularly in the south-east are causing us concern," he said. "Whilst we try hard to meet the very high loan requests that they are being forced to make, we also place great emphasis on counselling them to ensure that they don't become overstretched."

Building societies were already experiencing increased arrears, and first-time buyers were in danger of being forced by the high prices to accept properties from the bottom end of the housing stock.

Prices paid for the average first-time buyers' property have outstripped the general rate of house price inflation, the Abbey National said.

Prices of flats and maisonettes typical first purchases, however, had risen nationally by 24 per cent in the last year, while prices of bungalows had increased by only 13 per cent. Nationally the average UK house price has jumped by 5.5 per cent in the last three months—the biggest quarterly rise since 1979—taking it up by £2,000 to £36,814. In London, the quarterly increase was 7.8 per cent, while in the south-east it was 6.5 per cent.

Unity Trust aids buy-out bid for Leyland Bus

By David Thomas

UNITY TRUST, the union-backed bank, has offered to take part in the bid by the management consortium to buy out Leyland Bus, a BL subsidiary.

The management consortium has welcomed Unity Trust's support. It is one of three groups to have bid for Leyland Bus, the others being Laird, which owns Leyland Bus's main rival Metro-Gammell Weymann, and the Avro-Barford construction equipment group.

Unity Trust's involvement would take the form of a share ownership by the plan employees, modelled on similar developments in the US, under which it would hold a block of shares on behalf of all employees, then gradually transfer them to individual employees, possibly through a profit-sharing scheme.

Unity Trust made a similar proposal as part of the abortive management buy-out scheme for Land Rover. It talked then of acquiring a 10 per cent stake.

Leaders of the main unions involved in Leyland Bus have approved Unity Trust's proposal. Mr Terry Thomas, Unity Trust managing director, said it would provide all employees with the opportunity to own a stake.

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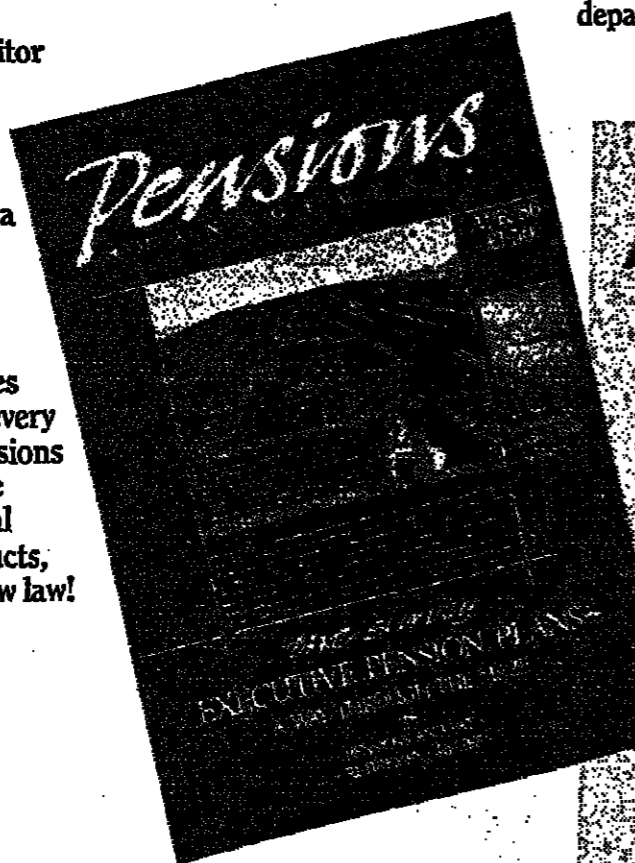
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# Westland white collar staff impose sanctions over pay

BY DAVID THOMAS, LABOUR STAFF

WHITE COLLAR staff at Westland's main helicopter plant in Yeovil, Somerset, yesterday imposed industrial sanctions in response to a proposal by the company to link a pay rise to turnover targets.

A pay offer of 4 per cent to 5 1/2 per cent was made at the technology division which was profitable. The pay standstill proposal led to an overtime ban by some manual workers. However, in further negotiations with the unions, the company proposed linking a pay increase from January 1, 1987 to turnover targets.

However, members of the manufacturing union, Tass, the largest white collar union in Westland, who are mainly designers and engineers, at Yeovil yesterday rejected the offer and imposed limited sanctions. These include an overtime ban, a work-to-rule, the refusal to work on any new technology introduced after the dispute starts and the demand that all subcontractors be given four weeks' notice to quit the factory.

# Court removes receiver from NUM

By Our Labour Staff

THE LEGAL shackles placed on the National Union of Mineworkers as a result of the miners' strike were finally lifted yesterday when the Appeal Court ordered a complete end to the receivership of the union.

# Times journalists vote against strike

BY HELEN HAGUE, LABOUR STAFF

MEMBERS OF the National Union of Journalists at The Times have voted by more than two to one in a low poll not to strike over the sacking of six colleagues who have refused to work at News International's plant in Wapping, east London.

# Crane Fruehauf changes

AT CRANE FRUEHAUF, the current managing director, Mr Basil K Day, has been appointed chairman and chief executive officer, and Mr Tom R Lynch, marketing and planning director, becomes managing director.

THE LITTLEWOODS ORGANISATION has appointed Mr David Jones as associate director, food buying, in the chain store division. He joined from Amos Hinton & Sons where he was marketing and buying director.

# CPSA's moderates confident

BY DAVID BRINDLE, LABOUR CORRESPONDENT

SUPPORTERS of Mr John Ellis, the centre-right candidate in the election of the general secretary of the Civil and Public Services Association, are confident of victory when the results are declared next Thursday.

With a centre-right national executive committee elected for a second successive year, the influence within the union of the far-left Militant Tendency would be seen to be severely curbed.

By contrast, some branches which usually back the Militant-dominated Broad Left faction are not thought to have polled as strongly as expected for Mr John Macreadie, the group's candidate.

# Edwards rejects Wales TUC's claims

BY ROBIN REEVES, WELSH CORRESPONDENT

MR NICHOLAS EDWARDS, Welsh Secretary, has rejected Wales TUC allegations that he has adopted a bunker mentality by refusing requests for meetings over the past two-and-a-half years.

Wales TUC wherever such a meeting offers the prospect of a constructive dialogue. Refuting in detail the allegations, which were contained in an open letter to him from Mr David Jenkins, general secretary of the Wales TUC, Mr Edwards said he would continue to be reluctant to hold meetings where there was no constructive outcome in prospect.

called for, on health and education, had not been refused but awaited a response to the Welsh Office's request for details of the proposed agenda. He said: "The business of setting up both meetings has not been assisted by the curiously equivocal public position you (the Wales TUC) have been adopting recently regarding whether or not you wish to talk to the Welsh Office."

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FT

# NGA leader cleared of obstruction at Wapping

FINANCIAL TIMES REPORTER

MR TONY DUBBINS, general secretary of the National Graphical Association, was cleared yesterday of obstructing the highway outside the News International plant in Wapping, East London. The Thames magistrate, dismissed the case against him and ordered police to pay £300 towards costs in the case.

# Steeley Brick & Tile

has appointed Mr Arthur Barnard as marketing director, and Mr Mike Harris as sales director.

# Silkolene Lubricants

has appointed Mr Adrian J. Parsons as group chief executive. Mr Richard C. Dalton has resigned his post as managing director but continues as chairman.

# Manfred Franks

has been appointed chairman of CALENDARS & DIARIES OF BRISTOL following the resignation of Mr A. F. R. Harbottle, who is continuing as a non-executive director.

# James Hann

has been appointed chairman of WESCO GROUP, Aberdeen. He was managing director of Seaforth Maritime, and is chairman of Esacta Circuits.

# Robert Keen

has been appointed managing director of CHAILES BARKER LYONS, main public relations company of the Charles Barker Group.

# Steve Gebbett

has been appointed managing director of the consumer marketing division, and Mr Robert Keen managing director of the corporate affairs division.

## UNIT TRUST YEAR BOOK 1986

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Each profile explains the minimum investment required; current value of the trust; the charges made; its principal holdings; a ten-year record of dividend distributions, and offer price highs and lows. Details for each management group include a summary history, address, telephone number, names of directors and names of the trusts managed.

As well as these detailed analyses, the Year Book includes a number of other valuable tables: rankings by percentage capital growth over a series of years; trusts in order of size, including details for the last four years; trust yields, showing changes in net distribution; monthly sales and total funds, and management groups in order of size and performance.

The Unit Trust Year Book also includes a number of important articles covering such vital topics as "Comments on Performance", "What is a Unit Trust?", "How to Invest", "Choosing a Unit Trust", and "Getting Advice".

In short, the Year Book has everything you need to assess the value, performance—and future success—of those unit trusts already available.

**CONTENTS**

- Review of 1985
- The role of the Unit Trust Association
- Comments on performance
- What is a unit trust?
- Glossary
- How to invest
- Choosing a unit trust
- Getting advice
- Performance tables
- Indices—Performance to 31 December 1985
- Table of trusts in order of size
- Trust yields table
- Monthly sales and total funds table
- Table of Management Groups in order of size
- Management Groups performance table
- Management Groups
- Unit trust details by division
- Trusts for pension funds and charities
- Trust name changes and mergers

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A boost for the barons

By Raymond Snoddy

THE MOST radical shake-up in this century in Britain's newspaper industry has not yet run its course...

One possibility is that London Week might be reborn as the London News...

Mr Robert Maxwell, publisher of Mirror Group Newspapers, who was talking volubly in January about launching a new

colour daily, Good Day and a weekly Woman's Mirror in newspaper format is quieter now...

Ironically, one of the main things Mr Eddie Shah has proved so far is how powerful the link can be between a newspaper and its habitual readers...

and Drew. He believes that apart from Today, Mr Maxwell's Daily News and The Independent, due to be launched by former Daily Telegraph journalists in October...

Mr Maxwell does, however, seem to be in deadly earnest in his plans to launch a new London evening, the London Daily News in mid-summer...

RADICAL PRODUCT THAT COULD BE A SUCCESS

ONE of the success stories of the "Newspaper Revolution" could be a radical, left of centre Sunday paper, the brainchild of a former Financial Times statistician...

Financial Services Bill

From the Deputy Director, Consumers' Association. Sir—Consumer organisations considered very carefully the likely consumer benefits of the register of salesmen...

Letters to the Editor

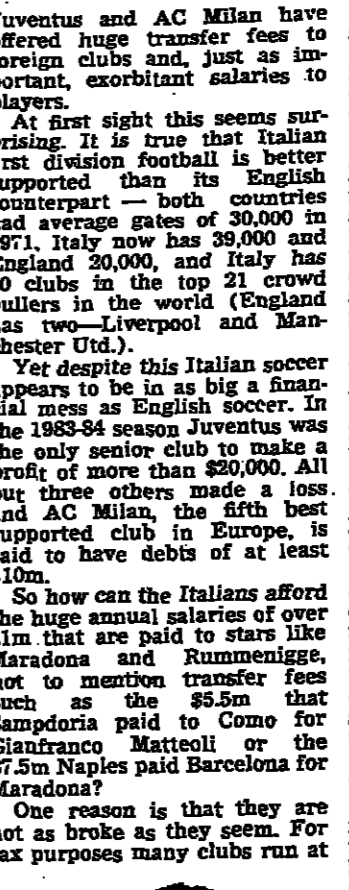
not a few members of the Organisation for African Unity. Or is the oppression of black by white somehow worse than that of black by black...

Victory to Italy in soccer's star wars

By David Goodhart

WHATEVER THE outcome of tomorrow's final, the 1986 World Cup has unquestionably been won by the Argentine captain Diego Maradona...

Juventus and AC Milan have offered huge transfer fees to foreign clubs and just as important, exorbitant salaries to players...



Maradona: going up in the world

ADVERTISEMENTS

Table with columns: Society Name, Share Price, Dividend, and Other details. Includes sections for Building Society Rates and various financial products.

UK COMPANY NEWS

Sheraton Securities in £10m cash call

PROPERTY developer Sheraton Securities International has announced a £10m one-for-four rights issue...

Burnett loss of £17m and merger talks abandoned

Anglo United Development Corporation, a small open-cast coal mining group, and Burnett & Haldenham...

Morgan 500p striking price

Morgan Grenfell, the merchant banking group, has raised £154.7m from its offer by tender of 32m shares...

Rea Bros. in £8m rights as losses soar to £0.5m

Rea Brothers, the smallest of the UK accepting houses, yesterday announced an £8m rights issue and reorganisation...

Ocean Transport expands airfreight forwarding side

Ocean Transport & Trading yesterday announced new initiatives in its drive to reduce its dependence on the hard-pressed shipping industry...

Chelsea Man placing gives £13.5m value

Chelsea Man, the men's clothing retailer, has given full details of its placing on the unlisted securities market...

Aitken builds defences against Tranwood bid

Aitken Hume, the troubled financial services group, said yesterday that its most valuable asset, National Securities & Research Corporation (NSR)...

Unilever in talks

Unilever, the Anglo-Dutch consumer products and foods group, is in talks with Ogilvy & Mather...

Abbott Mead purchases Leagas

Abbott Mead Vickers, the fast-growing UK advertising agency, has conditionally agreed to buy Leagas Delaney...

Sale Tilney

Sale Tilney has acquired Ivor Burt and Sons, a holding company whose principal subsidiary is Intersure International Insurance Brokers...

Marston advances by £1.5m

AN INCREASE in the sales of its own beers, despite a fall in total beer volumes, helped Marston, Thompson & Everhard...

John Michael Design sees further expansion ahead

John Michael Design increased its pre-tax profits from £532,000 to £504,000 in the year to March 31 1986...

Brint's asset value up 16p in three months

Brint Investments, an investment holding group with interests primarily in mining and natural resources, has improved its net asset value per £1 share to 148p at end-May 1986...

S & U Stores falls by £130,000 at year-end

Pre-tax profits at S & U Stores - its principal activity is retail credit and manufacture of men's clothing and hosiery - fell from £761,000 to £632,000 in the year to January 31 1986...

FT-ACTUARIES SHARE INDICES

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Friday June 27 1986, 1985, 1986, Highs and Lows Index. Lists various equity groups like CAPITAL GOODS, BUILDING, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Friday June 27 1986, 1985, 1986, Highs and Lows Index. Lists various price indices like British Government, Inflation, etc.

Fitch in £3m sale

Food company Fitch Lovell has sold its loss-making bacon wholesale and distribution business to the Danish Bacon Independents group for about £3m in cash...

Electric and General

Electric and General Investment Company saw net asset value improve to 487.4p at May 31 1986 compared with 262p a year earlier...

Midland Marts recovers

Following a "disappointing first half", when losses of £19,000 were incurred, Midland Marts Group, investment market operator, has improved in the second half with pre-tax profits of £332,000 against £254,000...

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DIVIDENDS ANNOUNCED

Table listing companies and their dividends: Birt Bros, Caledonia Int, Craig & Rose, Electric and Gen, J. Michael Design, Midland Marts, etc.

COMPANY NEWS IN BRIEF

DANAE INVESTMENT Trust declared a second interim dividend of 3.15p (2.94p), making 5.25p (4.9p) total for year to end-May 1986...

Handwritten signature: J. K. ...

INTERNATIONAL COMPANIES and FINANCE

CURRENCIES and MONEY

Volvo in \$140m engineering sale

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM
VOLVO, the Swedish motor, energy and food group, is to sell the engineering activities of its newly acquired Sonessons subsidiary to Investment AB Cardo in a deal worth up to SKr 140m (\$140m).

Investment AB Cardo will initially pay SKr 750m to the Sonessons engineering activities. In addition in the years 1986-88 it will also pay an additional profit-related amount up to a maximum of SKr 250m.

Mr Lennart Nilsson, Sonessons managing director, will take over as managing director of Investment AB Cardo. Earnings per share for Investment AB Cardo should be boosted to SKr 7.50 per share from a previously estimated SKr 4.80, Volvo said yesterday.



Pehr Gyllenhammar, Volvo chairman, restructuring deal

Pickens is suspected of Panhandle Eastern bid

By William Hall in New York
PANHANDLE EASTERN, the big natural gas pipeline group, yesterday rejected a takeover approach from an unidentified third party, widely believed to be a group of corporate raiders led by Mr T Boone Pickens, the Texas oil man.

Trade figures depress dollar

The dollar finished towards the day's lows yesterday in reaction to a wider than expected trade deficit of \$11.2bn. This fuelled speculation that the Federal Reserve may have to cut interest rates and allow the dollar to fall in order to help redress the imbalance. Consequently the dollar retreated from opening levels but failed to break through DM 2.20.

Against the yen it slipped through Y166 to finish at Y165.45 down from Y166.00 on Thursday. The dollar's exchange rate index fell from 115.3 to 115.0.

STERLING INDEX table with columns for Date, Time, and Index value.

POUND SPOT-FORWARD AGAINST POUND table with columns for Date, Day's spread, and Forward rates.

CURRENCY RATES

Currency rates table listing various currencies and their exchange rates against the dollar.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Dollar spot and forward rates table listing various currencies and their exchange rates against the dollar.

CURRENCY MOVEMENTS

Table showing percentage changes in various currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits.

OTHER CURRENCIES

Table showing exchange rates for other currencies like the Australian dollar, Canadian dollar, etc.

EXCHANGE CROSS RATES

Table showing cross rates between various major currencies.

Lower tax helps Air Liquide to 12% increase

By Our Financial Staff
AIR LIQUIDE, the French industrial gases group, reports a 12 per cent increase in net profit for 1985, thanks mostly to a lower tax rate.

Wienerwald changes ownership

BY JOHN WICKS IN ZURICH
WIENERWALD, the international catering concern, has been bought by the Munich-based businessman Mrs Renate Thyssen for an undisclosed price.

Of the 1984 turnover 60 per cent was accounted for by German operations and 40 per cent by Austrian. The group showed improved results for 1984, due largely to the closure of uneconomic restaurants. The Swiss holding had earnings of less than Sfr 1m.

Sales fall for French retailer

GALERIES LAFAYETTE results for 1985 will depend mainly on how turnover develops in the last four months of the year after a poor first quarter, according to Mr Etienne Moulin, chairman, writes Our Financial Staff.

Johnson unit back in profit for first four months

BOOSTED by profits on disposals, Nordstjernan, the big Swedish industrial group, has swung out of the red for the first four months of 1986.

Molson sees recovery on brewing side

By Robert Gibbons in Montreal
MOLSON, Canada's second largest brewer, says its beer business is brightening around strongly, special chemicals are doing better and its hardware retailing chain is ready to expand into the US, possibly by acquisition.

Panhandle Eastern in common with other companies operating in the US oil patch, has been hit by the slump in oil and gas prices.

The bulk of the group's \$110.5m operating profit in the first quarter came from gas transmission. The group's exploration and production operations contributed \$20.1m, while the contract drilling side had a \$7.8m loss.

LONDON TRADED OPTIONS

Large table listing various options contracts, including calls and puts for different stocks and currencies.

New Zealand to float shares in Petrocorp

PETROCORP, the oil and gas producer owned by the New Zealand government, is to offer shares to the public in an effort to strengthen its balance sheet. Announcing this yesterday Mr Bob Tizard, the country's finance minister, said a capital restructuring was urgently needed.

Chubb ahead in S. Africa

CHUBB HOLDINGS, the 70 per cent-owned South African subsidiary of Chubb International, increased turnover by 11.1 per cent in the year to March, but failed to match this with an equal rise in trading profit.

Acquisitions lift Pillsbury

PILLSBURY, the US food and catering group whose interests include the Burger King chain of hamburger restaurants, lifted net earnings to \$51.5m on \$1.19 a share, from \$47.3m on \$1.09 a share in the fourth quarter to May 31. Sales during the period rose to \$1.49bn from \$1.22bn a year earlier.

Quiet ending to quiet week

Activity in yesterday's money market centred round the accommodation of a large shortage and squaring off ahead of the weekend. Elsewhere there was very little activity. The Bank of England gave part of its money supply opened at 10.10 per cent and traded between a high of 11 per cent and a low of 10 per cent before finishing mostly at 11 per cent.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies.

MONEY RATES

Table showing money rates for various currencies and terms.

LONDON MONEY RATES

Table showing London money rates for various currencies and terms.

WORLD STOCK MARKETS

FINANCIAL TIMES Saturday June 23 1980

NEW YORK

Table of New York stock market data including AGS Computers, AMR Corp, and various other stocks with their respective prices and changes.

STOCK

Table of various stock prices and changes, including Hall (FB), Hallmark, and other companies.

WALL STREET

Firm after early record

Text article discussing market performance, mentioning modest gains and the impact of inflation on the market.

STOCK

Table of international stock market data for Canada, Australia, Germany, Norway, Spain, Sweden, Hong Kong, Japan, and Singapore.

STOCK

Table of international stock market data for South Africa, Australia, and other regions.

NEW YORK INDICES

Table showing New York stock market indices such as Dow Jones, S&P 500, and NYSE.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York with their closing prices and changes.

CANADA

Table showing Canadian stock market indices and active stocks.

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CANADA

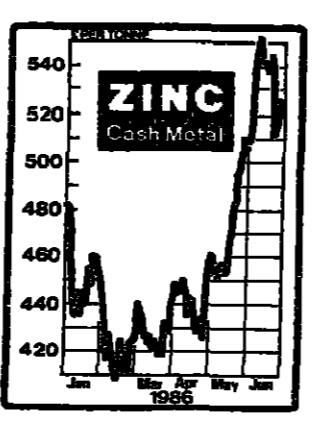
Table showing Canadian stock market indices and active stocks.

Footer text containing publication information, copyright notices, and contact details for the Financial Times.

REVIEW OF THE WEEK Copper price falls to 3 1/2-year low

BY RICHARD MOONEY

THE WEAKNESS of the London Metal Exchange's copper contract was emphasised this week as developments on the North American labour front reduced the probability that industrial action would result in protected supply disruptions this year.



the dollar also played a part, and there was the purely technical influence of the impending disappearance of the Exchange's higher grade copper contract.

US MARKETS

THE COFFEE MARKET tried to rally early in the session but failed to follow-through and resumed its downward trend to close with losses of 3.09-4.20c per lb.

NEW YORK ALUMINIUM 40,000 lbs. cents/lb. July 51.75 52.10 51.65 52.10

Equity leaders improve on new account demand

Account Dealing Dates

Table with columns: Date, Price, Change, High, Low, Prev. Includes entries for ORANGE JUICE, PLATINUM, SILVER, SUGAR WORLD.

CHICAGO

Table with columns: Date, Price, Change, High, Low, Prev. Includes entries for LIVE CATTLE, LIVE HOGS, MAIZE, PORK BELLIES.

settled by fears of tougher regulations on its telephone charges, eased fresh to 220p before setting at 225p for a fall on 16th of the week.

During the official "new-time" inquiries were negligible, apart from a small quantity of shares in the Engineering sector.

higher at 85p. Abaco Investments an outstanding performer on an outstanding following proposed acquisition of Insular.

The oil leaders showed minor falls but remained well up in the week on hopes that four OPEC members in Briaoui.

IC Gas improve The oil leaders showed minor falls but remained well up in the week on hopes that four OPEC members in Briaoui.

Lloyds advanced 23 to 390p on consideration of the dividend and profits forecast which accompanied its final and increased offer for Standard.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities including Metals, Grains, Oils, and Other Commodities.

INDICES

REUTERS Jun 27/June 26Mth ago Year ago 1485.8 1492.8 1766.9 1769.4

DOW JONES Jun 27/June 26Mth ago Year ago 137.0 137.25 118.24 118.36

GRAINS WHEAT Yesterday's + or - on Yesterday's + or - on 11/20; close - close -

WHEAT Yesterday's + or - on Yesterday's + or - on 11/20; close - close -

SOYABEAN MEAL Yesterday's + or - on Yesterday's + or - on 11/20; close - close -

COFFEE Yesterday's + or - on Yesterday's + or - on 11/20; close - close -

COFFEE Yesterday's + or - on Yesterday's + or - on 11/20; close - close -

GAS OIL FUTURES

Table with columns: Month, Close, + or - Business Done. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

SUGAR

Table with columns: No. of Contracts, Yesterday's Close, Previous Close, Business Done. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

RUBBER

Table with columns: Month, Close, + or - Business Done. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

POTATOES

Table with columns: Month, Close, + or - Business Done. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

FRIGHT FUTURES

Table with columns: Dry Cargo, Tankers. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

MEAT

Table with columns: MEAT COMMISSION - Average. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

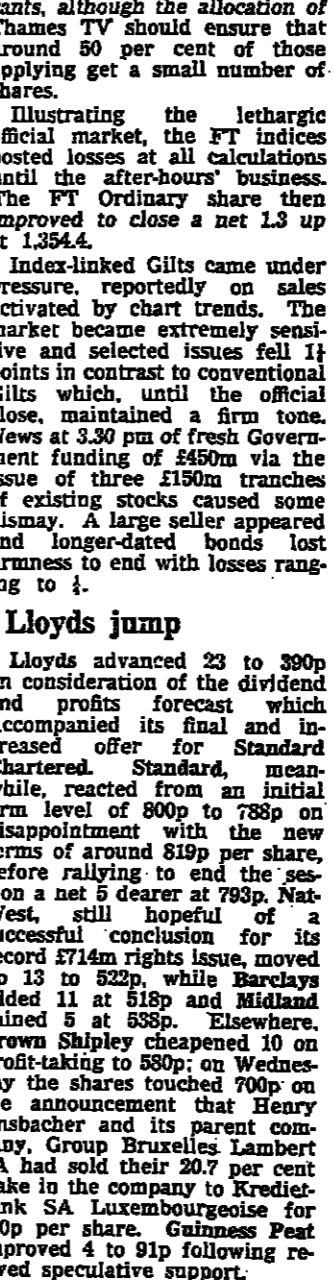
PIGMEAT

Table with columns: PIGMEAT. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

MEAT

Table with columns: MEAT COMMISSION - Average. Includes entries for July, Aug, Sep, Oct, Nov, Dec.

FT Ordinary Share Index



REPUBLIC IN TWO MONTHS

Republic in two months' time Dollar prices of gold and related issues moved narrowly.

Platinum's Western Metals decline in the latter part of the week.

Gold Deers slipped 4 1/2p, 'Amgold' to 436 1/2, OFS to 411 1/2 and Gold Fields to 411 1/2.

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TRADITIONAL OPTIONS

First Last Last First Deal Decla- Decla- Sett- Sett- lings lings lings lings

June 23 July 4 Sept 25 Oct 7 July 15 Oct 9 Oct 23 July 21 Aug 1 Oct 9 Oct 23

For rate indications see end of Unit Trust Service.

Stocks to attract money in the call included Keep Tru, Driefont, North Kalgari, Abbey Life, Berkeley and Ba Group, Harris Ouseway, ASD MFI, Transhouse, Forte, Bn, Crele, Guinness, Fort, Bn, Jonas Woodhead, West, Bn, Northol Capital, Bn, Pank Properties and Puts or

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STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should be read in conjunction with the information published in the Financial Times. Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should be read in conjunction with the information published in the Financial Times. Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should be read in conjunction with the information published in the Financial Times.

Table with multiple columns listing various securities, including company names, prices, and changes. Includes sections for 'TERLING ISSUES', 'CORPORATION & COUNTY', 'P PUBLIC BOARDS', 'COMMONWEALTH GOVT.', 'BRIEFS STOCKS', and 'FINANCIAL TIMES STOCK INDICES'.

Table containing 'FINANCIAL TIMES STOCK INDICES' with columns for various sectors like Government Secs, Financial, and Industrial. Also includes 'NEW HIGHS AND LOWS FOR 1986' and '5-DAY ACTIVE STOCKS'.

Table titled 'FINANCIAL TIMES STOCK INDICES' showing performance of various market indices like the FTSE 100, Industrial, and others, along with their daily and weekly changes.

Table titled 'NEW HIGHS AND LOWS FOR 1986' listing companies that reached new highs or lows during the year, with columns for the stock name, price, and date.

Table titled '5-DAY ACTIVE STOCKS' listing the most actively traded stocks over a five-day period, including company names, prices, and volume.

Table titled 'RISES AND FALLS ON THE WEEK' comparing stock prices from the previous week to the current week, categorized by industry.

Advertisement for Granville & Co. Limited, featuring the company logo, address (8 Lovat Lane, London EC3R 8BP), and contact information. The ad highlights their services as a member of the National Association of Security Dealers and Investment Managers.

Advertisement for The Princess Alice Hospice, featuring a large image of a building and text promoting their services. The text states: 'The Financial Times proposes to publish a survey on the Monday 8th September 1986' and provides contact details for Nigel Pullman at 10 Cannon Street, London EC4P 4BY.

FT UNIT TRUST INFORMATION SERVICE

Table of EQUITIES with columns for Stock, Price, Change, and Volume. Includes various company names like British Petroleum, Shell, and ICI.

Table of FIXED INTEREST STOCKS with columns for Issue Price, Amount Paid, and Stock. Lists various bond issues and their terms.

Table of "RIGHTS" OFFERS with columns for Issue Price, Amount Paid, and Stock. Details rights issues for various companies.

AUTHORISED UNIT TRUSTS

Large table listing various authorised unit trusts, including names like British Unit Trusts, and their respective managers and details.

Main table of FT Unit Trust Information Service, listing numerous unit trusts with columns for Name, Manager, and other details. Includes trusts like Lazard Brothers & Co Ltd, and various international and domestic funds.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data, including series, volume, and price for various contracts.

BANK RETURN

Table showing banking department returns, including liabilities, assets, and other financial metrics for the week ending June 21, 1986.

ISSUE DEPARTMENT

Table showing issue department returns, including liabilities, assets, and other financial metrics for the week ending June 21, 1986.

Vertical text on the right side of the page, containing various notices, advertisements, and contact information.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, including unit trusts and insurance policies, with columns for company names, product names, and numerical values.

ISURANCES

Sub-table listing insurance-related products and services, including company names and associated values.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table of Life Assurance Co Ltd - Cont, listing various insurance companies and their financial details.

Main table of Insurance, Overseas, and Money Funds, listing various investment funds and their performance metrics.

Table of Money Market Bank Accounts, listing various bank accounts and their interest rates.

Vertical text on the right side of the page, including a notice about a hotel and other financial information.

LONDON SHARE SERVICE

BRITISH FUNDS

Table containing various fund performance metrics including 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', 'Over Fifteen Years', 'Index-Linked', 'INT. BANK AND O'EAS GOVT. STERLING ISSUES', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN', 'LOANS', 'Public Board and Ind.', 'FOREIGN BONDS & RAILS', and 'AMERICANS'.

BUILDING, TIMBER, ROADS - Cont.

Table listing companies in the Building, Timber, and Roads sectors with columns for stock price, price change, and volume.

DRAPERY & STORES - Cont.

Table listing companies in the Drapery and Stores sectors with columns for stock price, price change, and volume.

ELECTRICALS

Table listing companies in the Electricals sector with columns for stock price, price change, and volume.

CANADIANS

Table listing Canadian companies with columns for stock price, price change, and volume.

CHEMICALS, PLASTICS

Table listing companies in the Chemicals and Plastics sectors with columns for stock price, price change, and volume.

DRAPERY AND STORES

Table listing companies in the Drapery and Stores sectors with columns for stock price, price change, and volume.

FOOD, GROCERIES ETC

Table listing companies in the Food and Groceries sectors with columns for stock price, price change, and volume.

HOTELS AND CATERERS

Table listing companies in the Hotels and Caterers sectors with columns for stock price, price change, and volume.

BUILDING, TIMBER, ROADS

Table listing companies in the Building, Timber, and Roads sectors with columns for stock price, price change, and volume.

ENGINEERING

Table listing companies in the Engineering sector with columns for stock price, price change, and volume.

INDUSTRIALS - Continued

Table listing various industrial companies with columns for stock price, price change, and volume.

Table listing various industrial companies with columns for stock price, price change, and volume.

Table listing various industrial companies with columns for stock price, price change, and volume.

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STOCKS - Continued

Table of stock prices and market data, including columns for stock names, prices, and market indicators.

LEISURE - Continued

Table of leisure-related stock prices and market data.

PROPERTY - Continued

Table of property-related stock prices and market data.

INVESTMENT TRUSTS - Cont.

Table of investment trusts and their market performance.

FINANCE, LAND - Cont.

Table of finance and land-related stock prices and market data.

MINES - Cont.

Table of mining stock prices and market data.

OVERSEAS TRADERS

Table of overseas traders and their market performance.

PLANTATIONS

Table of plantation stock prices and market data.

NOTES

Notes section providing detailed information and commentary on market conditions and specific stocks.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks and their market performance.

RECENT ISSUES and Rights

Table of recent issues and rights-related stock prices and market data.

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Table of recent issues and rights-related stock prices and market data.

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Table of recent issues and rights-related stock prices and market data.



# WEEKEND FT

Saturday June 28 1986

★★★ TRANSATLANTIC SPECIAL ★★★

**THE COCKY, provocative, endlessly ebullient Mayor of New York, Ed Koch, knows how to promote a big event.** "When the best city in the world throws the biggest party in the world," he says, "the whole world is invited." For once, in the early 40th anniversary celebrations for the Statue of Liberty, he has probably landed a spectacular large enough to match his limbo verbal extravaganza.

For two whole days, the southern tip of Manhattan, home to the first Dutch colony and now the powerhouse of the world's financial markets, will be an over to a giant \$5m carnival. Up to 200,000 people are expected to flood into the area for a huge flotilla of ships, fireworks, hi-tech fireworks displays, and the pomp and circumstance of a residential visit. It will be an occasion of the grand scale, a mixture of entry and uninhibited fun that will draw a wave of sentiment and patriotic fervor.

The show will also give Mayor Koch a chance to display the triumphant recovery of New York under his stewardship over the last nine years. On the day of it, the Mayor has plenty to boast to visitors who find a city that is suffering visibly from its brush with bankruptcy in 1976, the roads riddled with potholes, and its antediluvian subways virtually falling apart. But they also discover a populace bursting with health and prosperity, as bravely as ever with its mistic and as full of hucksterish charm as it ever was.

His vitality flows from a local economy which is now one of the richest in America. New York's deficit is back in surplus, and has been five years. It has re-established its credit as a first-class borrower, and launched a 10-year \$40bn capital programme without sending bond prices scurrying for the exits. It is using private sector jobs at a rate which easily exceeds the national average.

The evidence of the city's extraordinary revival is sprinkled virtually everywhere across the Manhattan landscape. The money that has poured into booming capital markets of the last years has flowed out again into an avalanche of new buildings and re-habilitation—the glittering, modern tower blocks where bedroom apartments easily fetch \$1,000, and the "gentrified" neighbourhoods, transformed from down-at-heel ghettos into chic middle-class living quarters.

It has created jammed streets full of fish shops, and expensive restaurants, and produced the "high net worth" bankers who own Manhattan apartments on Park Avenue and helicopters every weekend out to the equally pricey country pads in the ionable Hamptons on Long Island. It is the biggest and most varied industry in the world. It has thrown young property developers, Donald Trump, and his eye for the show, the arena has transformed midtown Fifth Avenue with the shimmering, glass-clad Trump Tower, home today to the exclusive shops and apartments in the entire city.

It is the period when the South Bronx burned its way into the public imagination in a series of fires that left



entire neighbourhoods looking like wastelands. The insurance industry discovered "landlord arson," the practice of burning down buildings deliberately when the insurance value had come to exceed potential rental incomes. Drugs became an epidemic. "The South Bronx was a centre for high quality heroin," says Alfred Elwick, a police officer then stationed at the infamous Precinct 41—the police station that became known as Fort Apache. "The quality was so good that addicts from as far away as Florida came to get it." With the drugs came increasing crime, so bad that for a time even Central Park, in the middle of Manhattan, was virtually off limits. The middle class began to desert the city for the suburbs, precipitating a net migration that saw New York lose almost a million people in the 1970s.

workforce and high wage rates, suffered earlier than many other parts of the north east of the US from the shift of manufacturing to the South. From 1969 to 1977 it lost almost 300,000 factory jobs—typically the sort of employment which had been taken by minority groups. The city was left with the problem of trying to deal with increasing unemployment at a time when its tax base was shrinking. "In the early 1970s we were faced with the recession caused by oil prices, the collapse in manufacturing and huge amounts of public spending to support people on welfare," says Felix Rohatyn, the Wall Street investment banker from Lazard Freres who became chairman of the Municipal Assistance Corporation. "The money just ran out."

Mayor Koch came in as a reformist politician pledged to fight the political machines that had plunged the city into disarray. He took on the unions, and proceeded to wield the axe over the municipal budget, pushing through draconian cuts in everything from the public transport system to road maintenance, the social services and education.

Second, Wall Street went through a revolution in the mid 1970s with the abolition of fixed commissions—a similar reform to the one that the City of London is now planning. The reform propelled the stockbroking and investment banking community into a period of hectic consolidation followed by breakneck growth. In the early 1970s, Wall Street had lost jobs, but over the past eight years it has added 50,000, while the banks have produced another \$5,000 in services overall a total of around 300,000.

whether you are talking about what to read, what to think, what to wear, or about the development of a new financial product."

The creativity is clearly demonstrated by the change in the capital markets, where the pell mell growth in trading began to push volume on the New York Stock Exchange towards 100m deals a day in the late 1970s. At the same time, the investment banking houses started to pour out the bewildering array of new products—the swaps and the zeros, the mortgage-backed securities and the junk bonds—which have made Wall Street the most financially rewarding place to work in America. "In the 1950s," says one experienced Wall Streeter, "you could not do any better financially on average by choosing a career on Wall Street rather than in industry. Today, there is no comparison." Some promising business school graduates pull in salaries of around \$50,000 as new recruits in the New York investment banks or corporate law firms. By the time they are 30 they can be earning \$100,000, while the executives who run the banks frequently have seven figure salaries, to say nothing of their equity in the businesses. When Morgan Stanley went public recently, its four top partners all had shares valued at over \$30m.

The explosion of activity in the capital markets has had the dual effect of reinforcing New York's position as the premier financial centre in the world, while helping drag the city back onto a sound economic base. Since 1981, the municipality's budgetary surplus has allowed it to begin the process of reconstruction that is showing some glimmers of success. There are now fewer, perhaps, of the "notorious potholes" which make driving in New York such a hazard, while the subway has at last acquired a number of new cars that are being effectively shielded from the profit artists. The city centre is also probably safer because of stronger policing.

Yet it is impossible to live and work in the city without being aware that the problems that emerged in the mid 1970s still lie just below the surface. Balancing the budget and increasing employment have not abolished poverty. In pockets throughout New York, vast wealth exists alongside abject deprivation. Homeless beggars trawl shopping streets dripping with expensive products. Crime is a way of life, recorded blandly in routine media announcements of mayhem and murder—around 1,500 every year. Commuters struggle to work in a subway system where fires are routine, and where violence lurks in every dark corner.

These problems partly derive from the city's position as an immigrant city. The world's deprived still flood into New York, chasing the American dream of success. In the 1950s it was blacks from the South and hispanics from Central America. Today it is East Asians. Some of them make it and some of them don't.

The disparities also emerge from the American system of rewards and penalties, a process which lavishes money on the successful, but finds it hard to redistribute income to the poor. Indeed the extraordinary financial rewards which have recently begun to flow to executives in the financial system have accentuated the contrasts in a fiercely competitive society where winners win big and losers very clearly lose.

"I think we have gone way overboard in our frantic accumulation of wealth," says Mr Rohatyn. "Those people who

## The Long View

### Why Europe can envy US tax reform

There is a durable story in the politics of envy in, which goes like this, appeared after an early effort from Denis Healey, entering on his campaign to "squeeze the rich to the pips squeak." One of the duly squeaked, on the home, to Lord Lever, the US Party's showpiece millionaire. "My dear boy," Lever said, "you must be slipping. I have noticed the role we so carefully provide."

The thought of trying to achieve something similar in 12 countries with different languages and legal systems, and whole parliaments for lobbies, makes the mind boggle, says Anthony Harris



British Chancellor of the Exchequer made a short speech about it which was fairly steeped in sour grapes. What the Congress looks like doing, with almost total bipartisan support, goes a long way towards abolishing progressive taxation while ensuring that the much lower tax rates that result actually get paid. This is achieved in two ways: by

abolishing most of the tax shelters used in the past by the rich; and by shifting the burden of the tax on profits from the shareholder (who often shelters his income, anyway) to the corporation.

The corporate tax regime will, in fact, be rather similar to the one introduced in Britain in 1984 (and by now fully in force, although the British

change is somewhat more radical). It removes part, although not all, of the previous tax incentive to substitute plant for labour, which was introduced in the UK to foster productivity when Britain had an era of labour shortage, and in the US more patchily to meet lobby demands.

The trouble with this regime is that corporate tax concessions have to be paid for; as a result, personal taxes were higher and spending power lower. Reducing spending power is not a good way of encouraging economic growth, as British experience shows. Britain under-performed world growth worse under the investment-incentive regime that it has under income tax cuts, financed first from the North Sea but now partly, as in the US, from corporate tax.

If this were the whole story the British could simply congratulate the Americans on catching up, but it is not. The US reform has also imposed a sensible tax on capital gains, which was treated simply as income; and this might be one of the strongest reasons for the bipartisan support for the whole package, which is the most enviable achievement of all. The British tax structure will no doubt be changed yet again if there is a change in political control; the American structure looks stable.

Change does not have to be for the worse, although it probably will be. The Labour Party, along with its absurd rates of personal taxation, did introduce quite a sensible set of taxes on capital following the US philosophy of lower rates and fewer loopholes. However, this was intolerable simply because income tax was so high, so it has been largely abolished, making it harder to cut income tax.

European politicians who might like to try to make the dramatic improvements that

Congress is about to make do have one valid point to score: it is much easier to achieve ideal tax reforms if you choose to do nothing about a yawning fiscal deficit. This does, though, beg the supply-side question. If the share of national income which the package offers stimulate increased economic growth, as President Reagan believes, he could this time achieve the miracle that failed in 1981—a squeeze on the deficit from real growth.

In one way, too, the deficit has helped: because every member of Congress was aware that total revenue must be protected, the sectional lobbies had only very limited success. Politicians are corrupted most easily when they have gifts at their disposal. So the new structure will be near enough to logical to ensure that if taxes do have to be raised after all, distortion will be minimised.

Why, then, cannot the Europeans simply follow the American example and go for a comprehensive tax reform? This is where sheer envy sets in; for the US is still, by world standards, a relatively closed economy. Tax changes can have major international results—the US reform, for example, could choke off corporate credit demand, reducing relative interest rates and the dollar's exchange value. It might also cause some heavy investment to migrate to the more welcoming Canadian tax climate. The Americans can afford to take these results philosophically. In Europe, though, we have an increasingly integrated Continental market in which no one country is big enough to go it radically alone. America has two parties and two houses of Congress. The thought of trying to achieve something compatible in 12 countries, with different languages and legal systems and whole parliaments for lobbies, makes the mind boggle.

#### ★★★ NEW YORK SPECIAL ★★★

Liberty Weekend: hoopla all the way	III
Style: the QE2 experience	IV
Flightpath: how to get there	V
How (and Where) To Spend It	VI, VII
Food: more than just hamburgers	VI
Books: New Glitz Street	VIII
Arts: musical backwaters	IX
Gardening: sky high growth	X
Property: head-in-the-clouds homes	XII, XIII
Chess, Bridge:	XVII
Finance: US runs out of Pep	XVIII
Sport: baseball and racing	XXIV

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The FT celebrates its New York birthday on the second of July. But with record circulation in the USA, the UK and Europe it feels more like the fourth of July.

LIBERTY WEEKEND

# A terribly American bow to a green icon

**Michael Thompson-Noel previews the orgy of commercialism and nationalist pride which will mark the centenary of the Statue of Liberty**

THE TELEVISION pictures that will streak to the stars from New York next weekend will confirm what the galaxies must long have guessed — that life on earth has gone positively bonkers. As the commentators cast words like "liberty," "freedom," "refuge" and "mega-glitz" out into the blackness, the accompanying pictures will show millions of beings clustered on Manhattan, worshipping a green statue clutching a torch.

Around the statue, as she broods at the skyscrapers, will be scenes of extravagant celebration as Liberty Weekend, marking the 100th birthday of the Statue of Liberty, gets under way.

There will be fireworks, lasers, a fleet of up to 40,000 ships, speeches, tears, laughter, bands, rock, salsa, dancing, aerial salutes, gigantic water fountains, Barry Manilow, President Reagan, choirs, drill teams, Gene Kelly, Itzhak Perlman, hot dogs, 1,000 banjo players, tap dancers, rhinestones, Frank Sinatra, passion, pomp and a few quick muggings—all of it in arduous celebration of a copper green icon mounted on a pedestal and holding a shiny new flame coated in gold leaf.

The orchestrator of Liberty Weekend is David Wolper, a Hollywood producer who does not miss a trick and whose titanic contributions to the history of glitz already include the opening and closing ceremonies of the Los Angeles Olympics.

To many Europeans, the LA Games—badly flawed by boycott—were hyped beyond endurance. Yet they were conducted without a hitch, turned in a profit, and triggered a massive resurgence of American pride.

If you thought the Olympics were shamelessly hyped, stand by for next weekend because Miss Liberty's 100th birthday promises to be an even bigger celebration.



As Newsweek has put it: "There is something terribly American in the outside—some would say outlandish—spectacle Wolper is conducting. But the Statue of Liberty, like the nation she has come to represent, symbolises outside dreams. ... All told (the statue), greeted some 16m immigrants during the 32 years that Ellis Island functioned as the nation's primary reception centre, and her image is inextricably linked to the family histories of 100m living Americans."

The celebrations start next Thursday with ceremonies on Governor's Island when President Reagan, accompanied by President Mitterrand of France, "unveils" the newly-restored statue which will be illuminated by streams of laser light beaming across the water.

On Ellis Island, the Chief Justice of the US Supreme Court will administer the oath of citizenship to 300 immigrants while 15,000 others, linked by satellite to New York, will swear the oath in four other cities.

On July 4, aircraft carriers and other warships anchored along the Hudson river will fire "gun salutes" as President Reagan passes in review aboard USS Iowa. There will be a parade of tall ships, other historic sailing vessels, an American music spectacular, a harbour festival of continuous entertainment and what is billed as the world's largest fireworks display, plus lasers and water fountains. The Coast Guard expects up to 40,000 sailing craft to jam the harbour.

Next Saturday, the Statue of Liberty is officially reopened following an early-morning ceremony, the harbour festival continues, the New York Philharmonic puts on an evening of classical music, and prominent people gather for a "two-day conference to examine the future role of liberty in an ever-changing world."

On Sunday, there is an international sports salute and an opulent closing ceremony at the Meadowlands sports complex.

For the benefit of the 5m to 6m visitors expected, lower Manhattan is being transformed into an instant theme park called Liberty Land—a 55-block area roped off for pedestrians in which the crowds will be entertained by 2,500 performers on special stages. Admission is free.

Many residents have already rented out rooms and vantage points to eager takers. The best locations, like the top of the World Trade Center, have been leased for corporate partying while Chrysler, doing things in style, has rented the QE2.

Wolper has said he can produce the entire spectacular for \$30m, to be financed by TV rights (\$10m from ABC-TV) and ticket sales which have picked up smartly of late. At the top of the market, a tax-deductible \$5,000 gets you one

seat on Governor's Island on July 3 and 4, plus a seat at the sports salute and closing ceremonies.

The restoration of Miss Liberty follows nearly two years of repairs masterminded by Chrysler chairman Lee Iacocca as head of the Statue of Liberty-Ellis Island Foundation. The operation was dogged by controversy. One magazine lamented "the corporate takeover of a national shrine," while another claimed "that if he could see all the hoopla, George Washington would be completely grossed out."

Earlier this month, there was much recrimination over Chile's intention to take part in the assembly of tall ships. Chile had agreed to send the naval sailing ship *Esmeralda*, described by Amnesty International as the vessel that served General Augusto Pinochet as a floating torture chamber soon after he seized power in 1970.

Despite such hitches, there are clear signs that Manhattan is doing what it can to make Liberty Weekend a success. To help remedy the shattering rudeness of the place, the State

Department of Commerce has started a campaign to train hotel and travel staff to be polite.

Another faint sign of progress is cleaner subway stations and trains. Since a drive against graffiti began in 1984, the Transit Authority's 6,150-car fleet has gone from almost all dirty to 41 per cent clean by the end of 1987. The city may never cleanse Harlem, though. I saw this simple message painted on a house: "Tom Sawyer lives here." It may not be art, but it's exceedingly witty.

One way or another, Liberty Weekend will provide a major boost to New York's already buoyant visitor industry. Last month Preston Robert Tisch, chairman of the New York Convention and Visitors Bureau, said the city's tourism had continued to show "strength and vitality" last year even though a 37-day hotel strike in June affected the numbers. There was a small fall in the number of visitors, from 17.24m to 17.1m, and a fall in hotel occupancy rate from 75 per cent to 72. But spending by visitors and convention-goers rose marginally to \$2.4bn. Bright spots included a rise in foreign visitors, from 2.33m to 2.4m, and better convention business:

4.38m delegates attending 953 conventions, against 4.36m at 946 conventions in 1984. Since 1980, almost 10,000 new hotel rooms—including 1,876 in the new Marriott Marquis Hotel in Times Square—have come on to the market, swelling the total in all five boroughs to 100,000. As for the sparkling new Jacob K. Javits Convention Center, bureau president Charles Gillett calls it "one of the superlatives that make up the Big Apple."

The first wave of recent New York hotel buildings, in 1980-81 added 6,428 rooms in seven hotels — Grand Hyatt, Harley Helmsley Palace, La Guardia Marriott, Milford Plaza, Park Meridian and Vista Intercontinental. Since 1982, the Marriott Marquis has joined the Novotel (470 rooms), Plaza Athenee (160), Golden Tulip Barbizon (360), River Hotel (60) and Ritz Carlton (260) to add another 3,184 rooms.

Although Miss Liberty has been exploited and vulgarised with endearing crassness for the whole of her first century she remains one of the great symbols of refuge and optimism — something that the galaxies will immediately deduce when the TV pictures arrive. Next weekend's festivals will be part-carnival, part-blockbuster and part-celebration. If you're there — "Enjoy!"

For inquiries about the harbour festival, ring (212) 332-2727. Information on hotel rooms can be gleaned from the NY Visitors Bureau on (212) 237-8222. As times and details of weekend events may change up to the last minute, call (212) 876-2634 for updates.

Markets reports are on Pages XXII and XXIII

Continued from Page I



had assets 10 years ago have prospered mightily over the last decade, and seem to be accumulating wealth at an accelerating rate. But the poor have not kept pace." Senator Daniel Patrick Moynihan, the local Democratic politician, says that New York has created two cities that sharply divide the rich from the poor. These discrepancies between the haves and the have-nots are seen at their most acute in the housing market, where wealthy executives from the expanding service industries are driving up prices at an alarming rate. Little by little lower income groups are being forced out of Manhattan in particular as the process of gentrification spreads its tentacles into run-down areas further and further afield from the middle-class enclaves of yesterday.

For the winners, the people with assets who have been able to buy property, yields in the last 10 years have been spectacular. Back in the mid 1970s, when the middle class was fleeing from the crime on Manhattan streets, it was relatively easy to pick up cheap property near the centre of the city. The swing of the pendulum has brought demand soaring back, driven by the so-called yuppies—the Young Urban Professionals and a waiting list of about the same length," says the Housing Department.

At its worst, the crisis in housing can be seen on the streets of the city, in the "bag ladies" and the "street people" who sleep wherever they can find a warm hole for the night. Marginally better — but only marginally — is the shelter system run by the city. Since the Koch administration came into office it has had to expand the number of shelters for homeless men and women from 3 to 21. Including families, the city now provides housing for 34,000 people every night, and the budget has risen from \$14 million a year in 1978 to \$200 million this year. Some older men have been in the shelters for so long that officials see little hope that they will ever leave. All they have is a bed and a locker.

Education is emerging as a similarly intractable problem caused by the widening gap between rich and poor. About 70 per cent of the children in the New York public school system today are black or hispanic, even though

cent of the population. Middle class whites are increasingly sending their children to private schools—institutions which did not have to suffer from the heavy cuts levied on the public system during the financial crisis.

Efforts are now being made to upgrade the public schools, partly by increasing starting salaries from the present, woefully inadequate \$14,000 a year to \$20,000. But for the time being the system contributes to the cycle of deprivation of many underprivileged children. Almost 40 per cent of them drop out without finishing high school, have few skills that are in any way matched to the needs of the service sectors, and are faced with a declining number of manual jobs in industry.

A few politicians, notably Senator Moynihan, are arguing that the city must move far more purposefully towards addressing the deprivation issue, or, as he puts it, "New York City will stand not just as an affront to the ideals of the American Republic but as a refutation of their promise."

But in these times of the Reaganite backlash against the social policies of the Great Society this is not a popular theme. When the crowds assemble for all the hoopla of the Fourth of July celebrations next week, they will hear a very different message. The emphasis will be on the upside of the American dream — the opportunities the country provided for the countless immigrants who sailed into the New World under the golden torch of Lady Liberty—the huddled masses yearning to breathe free." In the words of the commemorative verse carved into the pedestal.

This is the American way. Problems are conquered by moving on, finding a new frontier. It is also very much a part of the psychology of New York City itself, derived from four centuries of absorbing successive waves of immigrants from every region of the globe. "I am the mayor," says Ed Koch, "of a city with more Jews than live in Jerusalem, more Italians than live in Rome, more Irish than live in Dublin, more Blacks than live in Nairobi, and more Puerto Ricans than live in San Juan." It is an explosive mix, but it remains one of the most creative forces in the US today.

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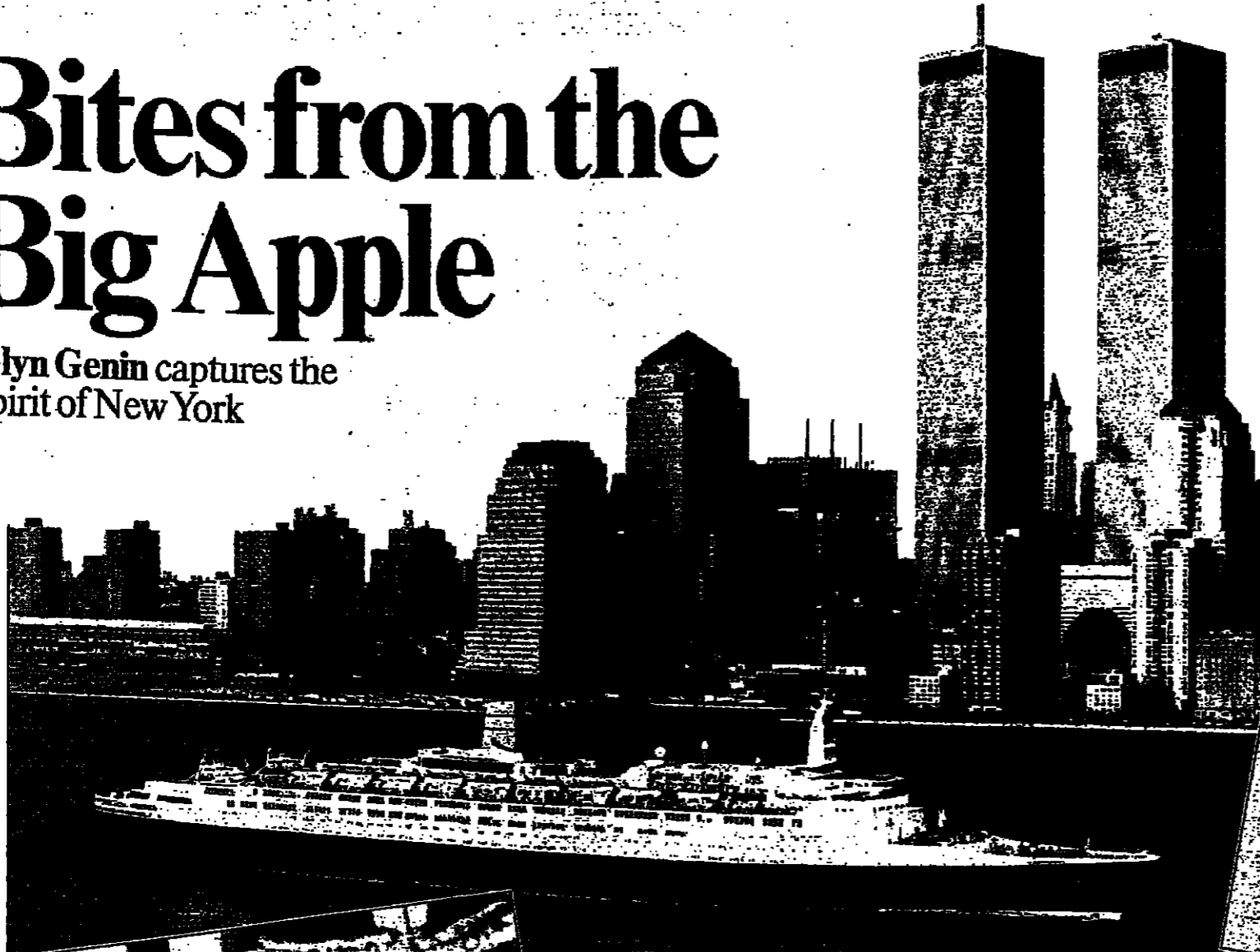






# Bites from the Big Apple

Glyn Genin captures the spirit of New York



ABOVE: The Queen Elizabeth 2, Cunard's flagship and the last liner on the Blue Riband route, passes the World Trade Center. TOP RIGHT: Jazz in the Park—a street musician plays bass. BOTTOM RIGHT: A sternwheel paddlesteamer takes sightseers close to the Statue of Liberty. BELOW: Taking the sun on the South Street Seaport boardwalk. BOTTOM LEFT: New York City policewoman.

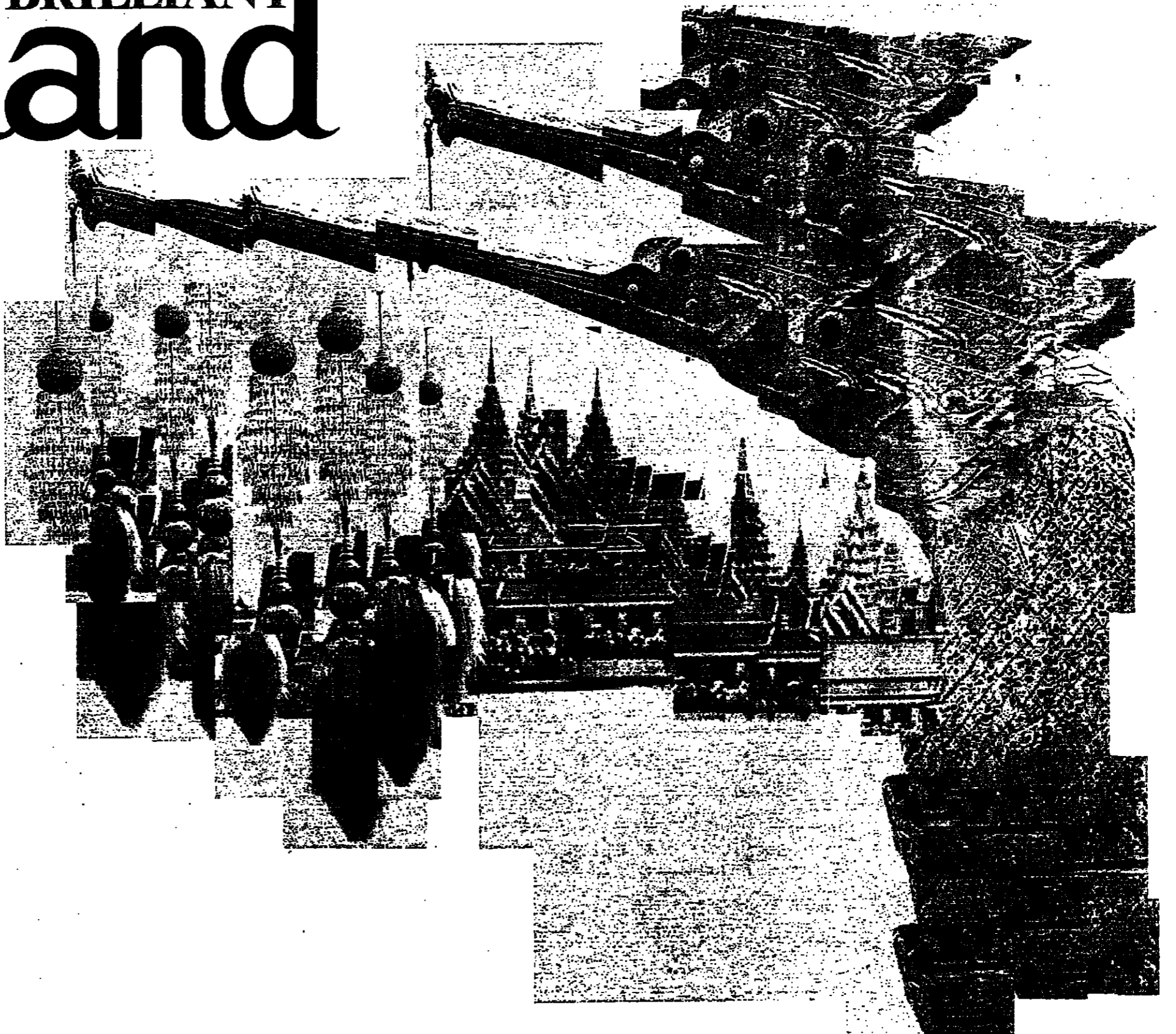


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# Yuppies back Jersey revival

John Wicks looks at up-market developments in the shadow of the Statue of Liberty

EVEN THE keenest local patriot would hardly call Jersey City a showcase of gracious living. The mere suggestion of gentrification can be in doubtful taste. When Mayor Anthony R. Cucci was recently voted one of the world's best-dressed men, he voiced the suspicion that "this honour is a political smear tactic."

For all that, the West Bank of the Hudson is fast emerging from obscurity. Well over \$10bn has been earmarked for projects between the George Washington Bridge and Craven Point of which anything up to \$4bn will go to Jersey City. According to the municipal development association, the city's property-tax base is intended to double between 1990 and 2000.

Like neighbouring Hoboken, Jersey City has long been an insider's tip in New York, much to the chagrin of Mayor Ed Koch. North Jersey offers cheaper property and much cheaper utilities than Manhattan, a fact which has attracted both businesses and residents from across the river.

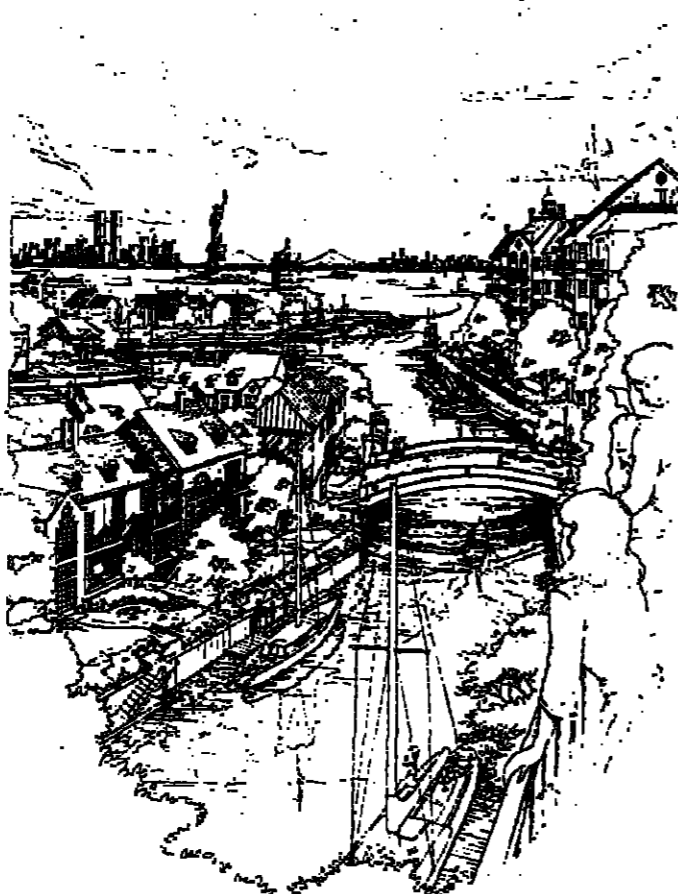
Wall Street Yuppies can get to the World Trade Center in three minutes flat from Jersey City's Exchange Place station on the PATH underground, commuting to and from a desirable brownstone, while artists—one source claims 20,000 of them—have flocked in.

Even though the new mayor has undertaken to do more than his predecessor in the field of low-cost housing, the city has definitely moved up-market.

One of the most up-market of its projects is the Port Liberté resort village being built at a total cost of \$600m. On an unused waterfront site overlooked by the Statue of Liberty, 1,700 apartments and town houses are to form a self-contained township intended by French designer Francois Spoerry to combine elements from his own Port Grimaud development near St Tropez with aspects of Venice, Amsterdam and St Paul-de-Vence.

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with the French planner and the New York developer Paul Bucha on the scheme. The Europeans in the Port Liberté partners have co-operated before, most recently in the exclusive Bendinat club village on Majorca. The architectural flavour of the village is to be definitely American, however, just as Port Grimaud is based on Provencal and Bendinat on Majorcan styles. According to Mr Barriere, Port Liberté "will look as though it had grown up here over the past 200 years." Nor will it be Francois Spoerry's first North American opus; he designed "Port Louis" near New Orleans and a resort in Baja, California. The main appeal is to be Americans. About 85 per cent of condominium clients are expected to be US residents, the vast majority already living within 30 miles of Jersey City. Most of the remainder are likely to be European businessmen ("not jet-setters"), though the partners are paying a sales visit to Hong Kong this spring. Financing, too, will be locally sourced. Port Liberté is backed by a pool of New Jersey banks, the Elizabeth-based City Federal Savings and Loan as consortium leader acting as the Spoerry Group's partner in the operating company. The biggest selling point of the new development is its position on the "wrong" side of the Hudson. Jutting out into Upper New York Bay, Craven Point offers a remarkable view reaching from Lower Manhattan and the Verreano Narrows Bridge. It is about a mile-and-a-half from Liberty Island, from which a small ferry would run from Port Liberté, and not much more from Ellis Island—due one day to become a national monument, an "Ethnic Williamsburg" or an international conference centre. A second ferry would serve Battery Park on the tip of Manhattan, while a special bus service would run from the Exchange Place Station, now being refurbished. Newark International Airport is only a few miles to the west. The site is also well away from the crowds. Craven Point was last used decades ago—as a loading area for Lead Line goods, a quay for Liberty ships

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Illustrated above is the \$70,000, 5 room "Corail"

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BUSINESS BOOKS

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case developed. The charges were widened to include racketeering, fraud and conspiring with the Iranian Government...

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Marc Rich: king of the commodity cowboys

Looking back in anger at DeLorean

HARD DRIVING by William Haddad. W. H. Allen, 256 pages. £10.95

On the track of what makes a winner

THE WINNING PERFORMANCE By Donald K. Clifford Jr and Richard E. Cavanagh. Sidgwick and Jackson, 218 pages £13.95

companies which survive their first cash-flow crisis are then broken by the original entrepreneur's inability to control the details of expansion.

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ASSERTIVENESS AT WORK By David Stubbs. Pan Business Books, £9.50

Instead there are clear descriptions of varying forms of behaviour and their manifestations.

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BUSINESS BOOKS

IBM through the rose-tinted spectacles

GREED WALKS by Ken New Yo

IN THE IBM WAY Lehmanly Buck Rodgers, stood clearer and Row, New York, Street's 25 pages; \$17.95.

What it does offer, however, is a fascinating glimpse of the attitudes and beliefs held by those people who fit easily into the IBM corporate structure and find themselves fulfilled working for such an organization.

It must be said, first of all, that "Buck" Rodgers is, by all accounts, a fine example of the best kind of IBMer.

Can Mr Rodgers really expect to be taken seriously when he writes: "No magic does. Anyone looking for a

genuine insight into the brilliant, profit-oriented techniques that have made IBM the world's most successful marketing company will be disappointed in The IBM Way.

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Mr F. G. Buck Rogers, an IBM-er for 34 years: retaining the quasi-religious aura of the company

formula or guarded secret keeps customers "married" to IBM long after their equipment is installed and their check deposited.

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Can Mr Rodgers really expect to be taken seriously when he writes: "No magic does. Anyone looking for a

performs effectively, no one has tenure at IBM... a person will be discharged, regardless of position or longevity, who violates the company's ethics, or falls down on the job and fails to respond to assistance in correcting his or her performance.

But there is a powerful precedent for "Buck" Rodgers's achievement in putting together what amounts to a series of slogans and homilies on the ethics of management.

Can Mr Rodgers really expect to be taken seriously when he writes: "No magic does. Anyone looking for a

The flotation that had to lift off

THE SELLING OF BRITISH TELECOM

By Karin Newman. Holt, Rinehart and Winston, £15.95, 173 pages.

WHY DID 1.56m people dial 025-572 3727? Which prospectus contained 1,280 trees? Which company's corporate awareness campaign achieved 99 per cent penetration?

Two years ago, the British Telecom privatisation bandwagon was really beginning to roll—or at any rate, the British Telecom exhibition train was pulling out of sidings in Truro to commence a six-week promotional tour of the country.

Karin Newman chronicles the BT campaign in painstaking and impressive detail. Public attitudes were monitored by the market research firm MORI over many months; PR promotions tackled every level, from the institutional fund managers to the appearance of Sun Page Three girls on three occasions holding telephones.

In a sense, however, Dr Newman's book forms a belated part of the original public relations exercise, because she devotes hardly any space to answering the key question about the BT flotation.

How, after a marketing cost of over £14m in the UK alone, the conducting of extensive public opinion surveys, the employment of merchant bankers and City brokers, and the publication of an advance "pathfinder" prospectus, was the price of the issue so badly miscalculated?

Remember that the £4th offer in November 1984 was subscribed four times over. The 50p bid spread on the first day of dealings at 95p, an immediate 90 per cent profit for the



Enthusiastic welcome for British Telecom flotation on the Stock Exchange when the £4th offer was substantially oversubscribed

stags, and went much higher over the ensuing months. American and Canadian investors did not wait before unloading the 9 per cent or so of the issue which had been allocated to them, so the offer amounted to a straight present to them of a profit of around £100m.

British investors proved rather more loyal; but, for all the talk of spreading share ownership, by May 1985, with 1.7m shareholders still on the register, the ownership pattern was typical of large British companies with 70 per cent in institutional hands.

The institutions which, the previous summer, had talked of the need for a high yield were induced in practice to drive up the price throughout the early

months of 1985 in order to get nearer to target weightings within their portfolios, in line with the FT-Actuaries share indices.

Dr Newman suggests that the scale of the advertising and promotion might, with the benefit of hindsight, have amounted to overkill. She questions whether the international part of the offering was really necessary, and at the other extreme, whether it was wise to allow BT to sidestep the normal prospectus advertising rules through direct mail shots.

But she does not really investigate the political pressures involved in the flotation. Plainly, however, this was an offer which could not be allowed to fail. To what extent, it might usefully be asked, was the price

pitched deliberately low in order to soften up the public so that they would be more receptive to future issues in the privatisation pipeline?

Alas, British Airways has subsequently failed to be given clearance for take-off, and Royal Ordnance, the munitions manufacturer, is the latest State company to have failed to negotiate the deceptively tricky transition to the private sector.

But now British Gas looms large, and the share sale this autumn is planned to raise between £1bn and £2bn more than BT's £4bn. To the man in the street, it could seem like BT all over again. But the Government is unlikely to want history to repeat itself.

Barry Riley

Spreading the cause of share owning

FAIR SHARES—A LAYMAN'S GUIDE TO BUYING AND SELLING STOCKS AND SHARES

By Simon Rose. W. H. Allen; 212 pages; £4.95

MANY HAVE tried; many have failed; to explain in simple, understandable terms for the man or woman in the street how the stock market works. Never has the need for such a book been greater.

Already the number of first-time shareholders has increased enormously following the privatisation of British Telecom and the growth of share option schemes for company employees. The proposed Personal Equity Plan, to be launched in January, and further privatisation offers in the pipeline, are likely to give a powerful push to the Government's ambition to turn Britain into a nation of shareholders.

Simon Rose is certainly well qualified for the task of illuminating the dark mysteries of the Stock Exchange for the uninitiated. A former stock broker, he is now a financial journalist working for the BBC and a regular contributor to the financial columns in Punch. So one could expect just the right blend of non-technical explanation, lightened with a touch of humour. On the whole that is what one gets.

However the author warns in the introduction that he is "rather opinionated" and makes it abundantly plain that he is an ardent supporter of the stock market. As a result there is a tendency to be less than critical, indeed downright defensive, about the risks and disadvantages in share dealings.

It is the kind of book that

might well have been written by the publicity department of the Stock Exchange, except that it is written in a far more lively and light manner.

The somewhat racy headlines, and carefully chosen appropriate quotations at the beginning of each chapter set the tone for the author's view that share-owning should be viewed as "fun" instead of being too deadly serious.

Nevertheless, all aspects of share-owning and the role of the Stock Exchange are covered comprehensively with a sufficiently light touch to keep the beginner interested, although there are some dull patches. Figures and tables have been kept to a minimum. Unfortunately, a number of books of this kind, some of the information is already out of date or soon will be after the Big Bang on October 27 when, for example the commission rates outlined will no longer apply.

There is a brief chapter on the Big Bang and the future of the Stock Exchange squeezed in at the end of the book, but it hardly copes with the radical changes that are likely to take place.

More understandably there is no mention either of the Personal Equity Plan which may provide the main avenue of entry into the stock market for most small investors in the future. But these are minor points. The book does on balance achieve its purpose of being an extremely useful and readable guide for investors considering going into the stock market for the first time. At least they will have a much clearer idea of what they are getting into, even if some of the risk involved is somewhat played down.

John Edwards

BOOKS OF THE MONTH

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Advertisement for 'How Social is the Market Economy?' by Walter Wittmann, published by Deloitte Haskins & Sells.

Advertisement for 'Working Abroad' and 'Executive Grapevine', providing information on international employment and executive recruitment.

Advertisement for 'Business Book Authors' and 'Willmotts', promoting book publishing services and a stock market directory.





FINANCE & THE FAMILY

# US brokers urge a riskier course

IT HAS been claimed that one of the reasons why the Wall Street Crash of 1929 was worse than it might have been was that private investors in the US could buy shares "on margin," only paying cash for 10 per cent of the cost of their share purchases. Stockbrokers loans, the remaining 90 per cent of the cost, using their clients' shares as security for the loans.

I was therefore somewhat surprised when I first started using a US broker, to be urged to buy shares "on margin" myself; told that millions of Americans still buy shares this way. However, unlike 1929, an investor now has to put up 50 per cent of the share purchase cost. I resisted the temptation of my broker's offer of a loan.

British stockbrokers do not offer such a "service"—but the London Stock Exchange does have one significant advantage over American procedures. When I buy US shares I have to pay for them (like everyone else) within a maximum of seven days. In Britain the "settlement day" for UK shares can be as much as two or three weeks after the shares have been purchased. This offers considerable scope for

making a profit without having to put up any money first.

For example, on May 12 I bought shares in the UK company Times Veneer at 17½p each, and I did not have to pay for them until June 9. By May 23 Times Veneer had risen to 24p; I could then (or at any time up to May 30) have sold all my shares without having to pay out any money at all. Instead I

results. In the UK the emphasis is much more on half-yearly and yearly figures. This is possibly explained by the difference between US and UK brokers' views on what constitutes "short term" and "long term."

My US broker has defined "the near term" as "from nil to five weeks," "medium term" as "from five weeks to six months" and "long term" as anything "more than six months."

I believe that a British broker's definitions of the same terms would give somewhat longer periods of time—at least until the "Big Bang."

Personally I feel there are shares in the US well worth holding for over a year. For example, on January 30 this year I bought shares in Amfac for \$24½ each. They rose to over \$28, but I am keeping them. I feel they will go higher; Amfac looks as if it will either be taken over or continue to turn itself around. In 1983 it reported losses of \$68m, in 1984 losses of \$14m, but in 1985 it turned in a profit of \$17.9m.

Amfac has numerous interests. These include holiday resorts in Hawaii, California and Arizona. As Americans do not seem keen to leave the US for holidays this year, resorts

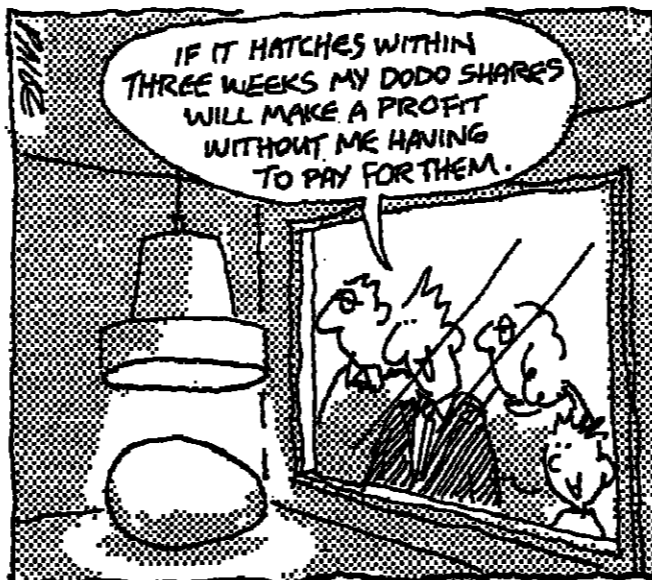
should do well. Amfac also owns over 50,000 acres of Hawaii, which is held in their books at very conservative valuations.

Amfac (like many other US companies) provides detailed biographical information about all its directors. With the notable exception of Vickers, none of the UK companies in which my wife and I are shareholders provides such information about all its directors. (It is, however, unlikely that UK directors will have such lovely names as Amfac's Chauncey L. Schmidt, Myron Du Bain and Daggett Harvey Jr.)

Americans also seem more keen to reveal details of relatives' connections with directors. The large US entertainment corporation, MCA,

revealed in its annual general meeting Notice to Shareholders this year that "a sister and brother-in-law" of one of its vice presidents "are employed as a producer and writer" on certain television shows produced by MCA, and the "aggregate compensation" received by those relatives for their work in 1985 "was approximately \$250,000."

I can think of quite a few UK companies where shareholders might be amazed at how many relatives of directors have profited from their companies. To get the best of both worlds, perhaps companies in Britain should provide more details about their directors' relatives' interests, and the US could adopt the UK's Stock Exchange accounting periods.



## TOPICS FOR INVESTMENT

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## Optimism reigns

THERE ARE many success stories around Wall Street at present. The stock markets, like London, have prospered from a prolonged boom ever since 1974, with only one or two periods of mainly technical "corrections." Last month saw the biggest-ever daily decline in the Dow Jones index, but the reduction in percentage terms was relatively minor and the market has soon recovered confidence.

One Wall Street veteran fund manager who believes the boom will continue is Max L. Heine, who started trading in 1937. He notes that Wall Street has been on the up for the past 50 years, with only a few "interruptions." Nowadays, he claims, there is so much money around that the underlying upwards trend is likely to be sustained.

Over the next six months, Mr Heine sees some uncertainties after the recent "tremendous advance" in prices to record levels. It could take some time to absorb the likely profit-taking, and there is likely to be some nervousness about the proposed taxation changes being considered by Congress.

The result of the Congress debate could give a green or red light signal to the stock market in the short term, according to Mr Heine. But he is bullish about prospects in the longer term.

He is equally optimistic about the prospects for the London market. Although there are signs of "tiredness" at the moment, Mr Heine predicts that the Big Bang in October will bring in a lot of new investors, especially from the US, who tend to be buyers rather than sellers—"they are not used to being short." This is likely to drive prices up, with a possible reaction early in the new year.

The three mutual funds, run by Mr Heine's company, invest only in the London and New York markets, with some 10 per cent going to the UK where the company has some good contacts. Their trading activity in London may well increase after the Big Bang, with the prospects of being closer to the market makers and paying less commission, although the payment of any stamp duty is seen as objectionable; there are no similar duties in the US, German or Japanese stock exchanges.

The company's investment strategy is to go for "special situations," particularly where the share price is below the net asset value, but also taking into account a variety of factors like management expertise.

A recent good example was the decision earlier this year to buy Lonrho shares, whose assets were considered to be well in excess of the share price at the time. The subsequent heavy buying may have helped start rumours of a US inspired takeover bid, but Mr Heine said the reason was that the shares were very cheap when compared with the potential value.

During the past 10 years, the assets managed by the three Heine funds, have increased from \$5m to \$2bn and the company has stopped taking accounts for two of the funds—"they keep throwing money at us," says Mr Heine.

Neither is modesty a strong point of another highly successful Wall Street fund manager, Fred Alger. A genius for managing money "is the slogan used to advertise his wares in a campaign to attract individual private investors.

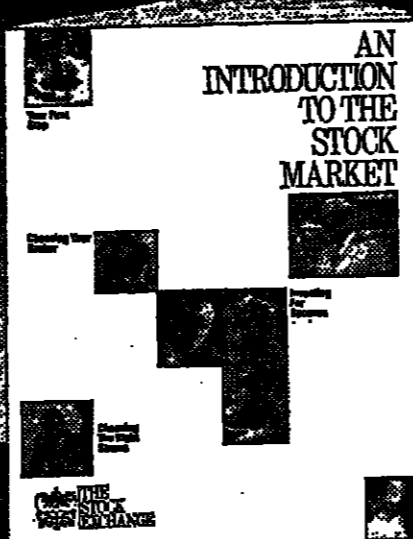
Mr Alger has so far mainly managed pensions funds handling assets worth some \$3bn. He claims to have achieved an annual compound growth of 21 per cent over the past 21 years.

He believes in fundamental research using highly paid analysts. Some can earn up to \$1m a year, but they operate in highly competitive conditions, tracking the records of over 1,400 companies.

His company trades only US stocks; he feels these still have a lot of potential, having lagged behind other markets. Mr Alger thinks the combination of lower inflation and interest rates, plus a more competitive dollar, has created the climate for a pick up in US business activity later this year.

The mood on Wall Street is generally optimistic, although there is considerable concern about the repercussions of the "insider" trading scandal. Unless all the experts have got it wrong, the stock market is expected to continue breaking new records.

John Edwards



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NAME ADDRESS form fields

WITH UK building societies poised to enter a new era once their new legislation goes through Parliament...

Robert D. Pierson, vice-chairman of Carteret Savings Bank, which changed its status from a mutual organisation to a publicly-quoted company...

As competition has increased on the mortgage lending front, the S&Ls' traditional business of gathering deposits and extending mortgages has become less profitable.

There has been a double taxation treaty between Britain and the US since 1946 - only the arrangement with Switzerland is older.

While dealing with taxation of business profits, it is also very much concerned with personal incomes. It fulfils a vital need, since the taxing rules of the two countries are such as to make double taxation a very real possibility...

The agreement encompasses British income tax and capital gains tax and the US federal income tax, including the charge on capital gains...

Society challenge

Among the products Pierson expects UK societies to start offering are interest paying cheque book accounts or Now accounts as they are known in the US.

This is a view shared by Paul W. Prior, former president of the US League of Savings and Loan Associations, who has some advice for UK societies when they come to use their new powers.

He expects that within the next five years a large number of British building societies will have converted to publicly-quoted companies.

Margaret Hughes looks at the likely effect of deregulation on the building societies

banking. As is now generally the case with most savings banks in the US, most of the mortgages it originates are sold on to investors in the secondary mortgage market...

But though Pierson expects British building societies to take much the same route as his own institution, he detects that the societies have yet to fully recognise the potential which will be open to them once new legislation is in place.

By contrast, some reliefs are given not by reference to the nature of the income, but to occupations. Professors, teachers, students and trainees receive limited exemption in their host countries.

Despite these extensive provisions, double taxation will still occur. When it does, the country of residence must reduce its tax by reference to liability in the other.

Margaret Hughes

Double indemnity

The possibility of an individual being resident in both countries is eliminated by a set of "the breaker" provisions. These consider, in turn, the location of the permanent home; where the centre of vital interests are; the place of habitual abode and, of course, nationality...



Oddly, the converse does not apply. The Inland Revenue declining to claim tax on British interest payable to a British subject resident in the US.

By contrast, some reliefs are given not by reference to the nature of the income, but to occupations. Professors, teachers, students and trainees receive limited exemption in their host countries.

Dividends accruing in one country to a resident of that country can be taxed in both, the source country limiting its liability to 15 per cent...

By contrast, some reliefs are given not by reference to the nature of the income, but to occupations. Professors, teachers, students and trainees receive limited exemption in their host countries.

Under the seemingly innocuous heading of exchange of information and administrative assistance, provision is made for the two countries to exchange information to assist agreement and to prevent fraud.

Donald Elkin

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER FUTURE OF WORK. Publication Date: Thursday July 24 - Copy Date: Tuesday July 8. The Financial Times will now publish this Survey on the above date.

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Goodbye to 'funny money'

Life companies are to present with-profit quotations in more realistic terms. Eric Short explains.

The traditional life companies have at last got their act together and agreed on a way of presenting conventional with-profit quotations to the public.

throughout the duration of the contract, no matter how long. Since bonus systems have become complex, with reversionary bonuses, special reversionary bonuses, terminal bonuses and even special terminal bonuses...

IN THE NEWS. CHOOSING the right stockbroker has always been a problem for private investors...

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ment and financial management service for customers who have at least £250,000 in easily realisable assets.

SELF-EMPLOYED PENSION QUOTATION. Man aged 40 paying £1,000 a year to age 65 on a with-profit pension plan. Projected cash sum at 65.

The Investment Trust Table

Table with columns: Total Net Assets, INVESTMENT POLICY, Management, Share Price, Yield, Net Asset Value, Geographical Spread, Total Return on NAV. Rows include various investment trusts like Alliance Trust, British Investment, Brunner, etc.

Dr Sak... Poultry Distribution... EXPERIENCE

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MARKETS

Subdued equities drift on a summer current

GREED WALL: Ken New York

IN THE Lehman stood of Street's oldest banking business

YET partner part b were a collapse

The course of the market over the next couple of weeks will, most likely, be similar to the last few days with the All-Share quietly plodding ahead

One danger point, however, could be the Japanese elections early in July. Like London and New York, Tokyo prices are riding high—frighteningly high by Throgmorton Street standards—and any adverse movement could have repercussions in the UK.

Racal had long since signposted the news that its 1985-86 figures would be dreadful so the market was well prepared for the £45m setback to £90.1m pre-tax and the share price actually put on 6p to 200p on the day—but then, of course, it had slipped the day before on rights issue fears.

In fact the underlying profit numbers are worse than Racal's presentation of them: the pre-tax line is inflated by non-recurring profits on the disposal of part of the oil and gas interests while the provisions for closures and rationalisation have been bumped down below the line.

However you like to play with the numbers the two core reasons for the setback are plain enough. The US data communications activities were a disaster, chopping profits by £45m while Cellular Radio turned in losses of over £19m after interest charges compared to under £11m.

Yet this was just so much history as far as the market was concerned. Everybody has their eyes on the horizon with the expectation that profits of somewhere around £130m pre-tax will come through in 1986-87. Certainly Racal is making plenty of optimistic noises and with capital gearing of 57 per cent at year end, compared to 65 per cent at the interim stage, Sir Ernest Harrison scotched any thoughts of a rights issue.

The important features for this year will be the recovery in the US. Racal's order book is evidently up by over 60 per cent, although that actually looks a bit at odds with the continuing industry depression. But the bounce at Milg will be ensured by last year's cost cutting—extra demand is an added plus.

Given the recovery, a prospective p/e of about 14 means the analysts are once again putting buy recommendations against the shares. Yet some of the relative recovery from the low point late last year has already been seen, and possibly a better trade on the potential recovery for the US data communications sector is CASE.

Its next set of figures could show losses of between £12m and £15m. The market is already prepared for that sort of unpleasant picture but the

graduated profit projections at the year-end to around £45m, compared with £46m last year. Intense competition in the electronics sphere is at the heart of Ferranti's problems, although the general difficulties posed by the components sector slump have been compounded by its own loss of market share.

Defence interests should have fared well, however, and the traditional trouble spots—Ferranti-GTE and Ferranti-Lorho's interims, due on Thursday, are expected to show pre-tax profits of £85m (£70.7m last year) and a 10 per cent increase in dividend. Among the company's myriad activities, analysts are looking for news of good performances from VV Audi distribution, from leisure (despite currency movements), and from platinum (thanks to increased prices).

The first half is traditionally the weakest and an £85m figure would make £185m look likely for the full year, so giving the company a welcome boost ahead of its probable listing on the

announced on Tuesday. Although Marks and Spencer is a harsh taskmaster, its stance on margins is a little less Draconian in its food, than textiles, and Northern Foods is still sustaining healthy growth from its chief customer. The company is still in the throes of rationalisation at both ends of its major acquisitions, Bowyer and Express Dairies' northern division. Both will have broken even in 1985-86 but the real profit potential will filter through in the present year.

Lorho's interims, due on Thursday, are expected to show pre-tax profits of £85m (£70.7m last year) and a 10 per cent increase in dividend. Among the company's myriad activities, analysts are looking for news of good performances from VV Audi distribution, from leisure (despite currency movements), and from platinum (thanks to increased prices).

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HIGHLIGHTS OF THE WEEK

Table with columns: Price y/day, Change on week, 1986 High, 1986 Low, and notes for various indices and stocks like FT Ordinary Index, FT Gold Mines Index, Bejam, British Telecom, etc.

Enigma in the brewery

WITH SUMMER in full bloom, names like Royal Oak, London Pride and Rutland conjure up balmy real ale evenings spent in the garden of a well appointed hostelry. A moment therefore to consider recent results from the three regional brewers—Fullers, Eldridge, Pope and Ruddle—that produce these amber liquids.

The London-based Fuller Smith & Turner, the largest of the three in turnover terms, reported sales of £40.6m for the year to March, a rise of 12 per cent over the previous year's performance. Pre-tax profits were ahead more strongly, by almost a third to £5m.

While expanding out into the home counties and enjoying something of a boom in its off licence, Fuller is one of the more enigmatic members of the USM. Not known for its communications with the City, Fuller's shares have performed well of late and at 60p are now at an all-time high, after rising 30p on the results. However, the market in the shares is very narrow—after the results a broker looking to meet a 10,000 buy order could only find 500 shares.

Other than the Fuller, Smith and Turner family holdings, the only major shareholder is Whitbread with 10 per cent. Analysts feel that if the company wants a better rating it

will have to loosen the board's hold on the stock and rationalise the A and B share structure. It seems a pity that the Hop Blossom at Farnham and the George and Vulture in Hoxton should not be better known to investors.

Meanwhile down in Dorset, Eldridge, Pope and Co exhibits none of the shyness of its London fellow-brewer. But in spite of brand names Royal Oak, Dorchester IPA, Huntsman and Faust lager (plus the reputedly lethal Thomas Hardy bottled ale which has a cult following in the region) the company has suffered from rather poor margins.

USM UNLISTED SECURITIES MARKET

This week's interims—pre-tax profits of £1.8m (£90,000) on sales of £12.5m (£11.5m)—once the £103,000 of property profits are stripped out produced an operating margin of 10.4 per cent which brokers are taking as a sign that the new hands-on management approach is showing dividends.

Unike Fullers and Ruddles, Eldridge brews its own lager, Faust, under licence from a German company. Earlier this year Eldridge launched a £250,000 television advertising campaign to promote Faust in the South of England and Wales (where it has a tie-up with Cardiff's S. A. Brain) and lager now accounts for a quarter of sales.

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COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Table with columns: Company bid for, Value of bid per share, Market price, Price of bid before, Value of bid after, Bidder. Lists various companies and their financial details.

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. \*\* Based on June 27 1986. †† At suspension. ††† Shares and cash. †††† Related to NAV to be determined. ††††† Loan stock. †††††† Suspended. ††††††† Swedish Kronor.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings\* per share (p), Dividends\* per share (p). Lists companies like Argyle Group, Arrol Ind, A-R Television, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends\* per share (p). Lists companies like Adam Leisure, Barr, AG, Barr, Charles, etc.

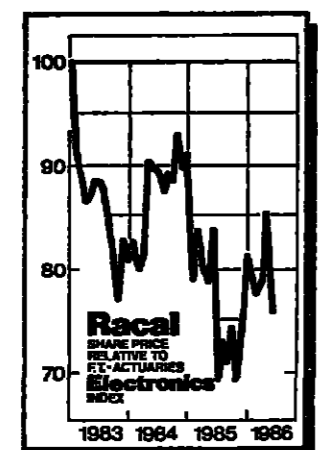
(Figures in parentheses are for the corresponding period.) \* Dividends are shown net pence per share, except where otherwise indicated. † Loss.

SCRIP ISSUES

Cable and Wireless—One for one. Fuller Smith and Turner—One for one. Ocean Wilsons (Holdings)—One for one.

RIGHTS ISSUES

Datsun—To raise £8.0m through a one for four rights issue at 145p. Istock Johnson—To raise £28m through a one for four rights issue at 145p. Meadow Farm Produce—To raise £12.2m through a two for five rights issue at 200p.



Racal's share price performance from 1983 to 1986.

Source: Phillips and Drew.

Assumes 4 per cent inflation rate. 1 Paid after deduction of

Lloyds Bank † Halifax ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. † Paid after deduction of

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# July 4 fireworks come early

NEW York is getting ready for its biggest-ever street party to celebrate the Statue of Liberty's 100th birthday next week and, if history is any guide, Wall Street will probably join in the festivities.

The stock market often stages a rally around the time of the July Independence Day holiday and this week has seen the market flirt with fresh peaks. Last week's "triple witching hour" came and went and, true to form, the Dow put on one of its unnatural performances, jumping by around 12 points in the last minute of trading on Friday as the brokers scrambled to execute huge "market at close" orders from big programme traders.

Given all the publicity about the horrors of the "witching hour," many investors appeared to have withdrawn to the sidelines. This week saw them return. Volume picked up appreciably and, by Wednesday, over 160m shares were traded on the NYSE and the broader-

based stock market indices began to hit new peaks. The Standard and Poor's 500 index, for example, which had started the year at 211.28, hit a new high of 248.93, and the NYSE Composite index closed at 142.74, giving a 16 1/2 per cent rise since the start of the year.

## Wall Street

In the run-up to next week's July 4 celebrations, there have been plenty of fireworks both inside and outside Wall Street. Late last week, the US Government decided to block two mega-mergers in the soft drinks business—PepsiCo's \$380m bid for Seven-up and Coca-Cola's \$470m bid for Dr Pepper. The bids would have given the two companies a whopping 90 per cent of the market, but despite the Administration's relaxed views about mergers, this was too much to swallow, it seems.

Nevertheless, the rejection did not damage the two companies' share prices. Coca-Cola shares, which have risen almost three times as fast as the market this year, hit a fresh peak of \$122 1/4 on Thursday. Meanwhile, PepsiCo shares hovered close to the \$35 level, almost double the year's low-point of \$18 1/2.

The pace of takeover activity has begun to accelerate and this week saw May Department Stores, number three in the industry, start a \$2.7bn hostile bid for Associated Dry Goods, which owns Lord and Taylor and other fashionable stores. By Thursday evening, Associated's shares were standing at a premium of around \$5 to the \$60 a share offer.

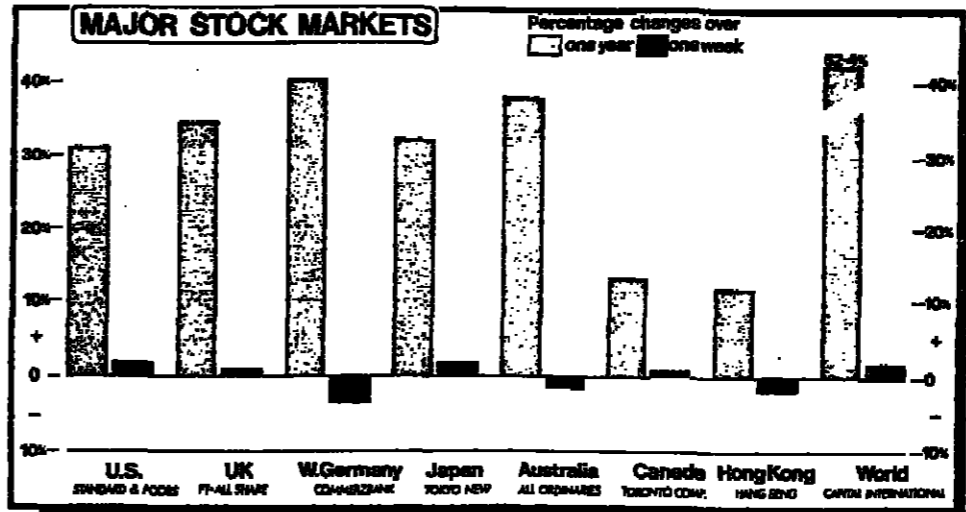
ITT shares, which had started the week under \$45, jumped by over \$7 a share following news that it is close to folding its \$4.6bn a year telecommunications equipment business, the cornerstone of its operations, into a European joint venture

led by Compagnie Generale d'Electricite of France. A year ago, it shares were trading at \$32.

Tenneco, another former high-flying conglomerate, announced this week that it was selling its insurance operations for \$1.5bn, but this deal did not have the same sort of impact on its share price as ITT's European venture. Tenneco shares are trading around the \$40 mark, which is about where they started the year.

Tenneco shareholders are paying the price of the group's heavy dependence on oil and gas, and here there was plenty of bad news this week. Whereas many oil company executives had been predicting that oil prices would soon top the \$20 a barrel mark, it is looking as if they were over-optimistic. A senior economist at Chevron, the number three in the industry, said this week that the price would probably average less than \$15 a barrel this year.

This more bearish outlook on



energy prices is already raising the pain threshold in the oil patch. On Tuesday, Nelson Bunker Hunt, the wealthy Texan who once remarked that "people who know how much they are worth generally aren't worth much," launched a \$3.5bn lawsuit against the family's bankers claiming that they were out to destroy the wealthy Dallas dynasty.

Meanwhile, Interfirst, one of

the family's main bankers, announced that it expected to lose up to \$285m in its second quarter because of the need to set aside yet more money for problem loans.

While many traders have been busy keeping track of the various "fireworks" in the market this week, the longer term investors have been looking at their portfolios and reviewing their performance at mid-year.

Although Wall Street is nudging new peaks, investors have had a very mixed record. The number one problem for many has been IBM, the market bellwether. It started the year a shade above \$155 and this week it has been trading around \$148 despite the fact that the Dow Jones Industrial Average is up by over a fifth so far this year.

Ulric Weil an expert IBM

watcher, is not surprised by the performance of "Big Blue" and is not recommending the stock. Last autumn, like many analysts, he had been expecting that IBM would boost its 1985 earnings to \$12.50 a share. But as the year has progressed IBM has become more and more gloomy about the outlook. Weil is now predicting that the company will report lower earnings for a second year running with earnings per share of \$10.50 compared with 1985' \$10.67.

He still expects that the company will earn between \$11.7 and \$12 in 1987, but is not recommending the stock to his clients.

Meanwhile, it is now trading on an historic multiple of 13.7 times earnings, which compare with a multiple of 17 for the market as a whole. Analysts say this is the first time in 4 years that the stock market giant has traded on a multiple below the market.

MONDAY 1864.26 - 15.2  
TUESDAY 1873.55 + 11.2  
WEDNESDAY 1885.05 + 6.5  
THURSDAY 1886.20 - 4.8

William Hal

CHICAGO'S Midwest Stock Exchange suffers from a prime case of the second city syndrome. So long is the shadow cast by Wall Street that few outside the Windy City realise that it is the third largest stock exchange in the world (behind New York and Tokyo), based on the dollar value of shares traded.

This reached an impressive \$76.6bn in 1985 - up 210 per cent from 1981. But Midwest's share volume, at just over 2.35bn, remains distinctly smaller in comparison with the New York Stock Exchange, which handled more than 27.5bn shares over the same period.

Despite the lack of limelight, progress has been most satisfactory since the Midwest moved to its slick new premises at the south end of the Loop (Chicago's Square Mile) in April 1985. So far this year, average daily share volume has been running around the 10.9m mark, well ahead of last year's 9.7m share level. On March 3, a new single-day volume record of 18.7m was set.

The exchange relies on a low fee schedule and state-of-the-art technology to attract investors from Wall Street and elsewhere. Officials claim that the MAX automated execution system guarantees customers the best prices nationwide and that the average speed of execution compares favourably with the competition.

Certainly, the Midwest's clearing and settlement system is regarded highly within the industry, forming the model for

## Futures that are second to none

those used at a number of other exchanges. This has stood the exchange in good stead in its thrust into markets outside the United States.

Earlier this month, an international trading link was established with Canada's Toronto Stock Exchange to complement

the tie already in place with Vancouver. The arrangement enables member brokerage firms on both exchanges to trade in dually listed stocks. Expectations are that a clearing and settlement link with the London Stock Exchange could well be announced before the end of the summer and similar talks with other exchanges are believed to be in progress.

In contrast to stocks, Chicago is the undisputed world leader in futures and options trading. Despite the growing internationalisation of the sector, the city boasts something like 85 per cent of all US business and 77 per cent of such trading worldwide.

Two of Chicago's three major futures and options exchanges

were in the news last week because of their role in the so-called "triple witching hour" on June 20. This quarterly phenomenon, triggered by the simultaneous expiration of stock index futures, index options and individual stock options, prompted frenetic trading on the floors of the Chicago Mercantile Exchange (CME) and the Chicago Board Options Exchange (CBOE) as professional investors closed out their positions. Their intention in doing so was to make money by arbitraging price discrepancies between the stock index products and the underlying shares.

Actually, the witching hour, while garnering the headlines, has played a relatively minor role in the buoyant first half enjoyed by the major exchanges. First-quarter CBOE volume climbed 27.4 per cent from year-ago levels to 47.4m contracts, a jump attributed by the chairman and chief executive officer, Walter E. Auch, to uncertainty in the minds of investors wanting to protect portfolio gains. "Our record volume indicates that investors are turning more and more to options for this kind of protection," he added.

January to May, CME volume

rose 25 per cent from a year ago to 23m contracts, with currency futures and options particularly buoyant. Meanwhile, volume on the Chicago Board of Trade (CBOT), the world's largest futures exchange, shot up by 43.8 per cent over the same period, to 46.2m contracts, with continued growth in US T-bond futures primarily responsible. Indeed, such is the congestion in the world's busiest futures pit that the exchange has been obliged to look into ways of reducing the crush caused by the 450 bodies to be found there on a typical day.

With ever more players entering the financial futures fray as a means of hedging or speculating on fluctuations in stock, currency and interest rates markets, it is easy to overlook the agricultural contracts where both the CME's and the CBOT's origins lie. As recently as 1976, some 80 per cent of contracts traded on the two exchanges were agricultural. By 1985, this figure had shrunk to nearer 24 per cent.

While volume on a few agricultural contracts, particularly options and the CME's live cattle futures, has been relatively buoyant during the first-half, this decline in overall market share vis-a-vis financials is set to continue. But with stock and bond markets alike apparently pausing for breath in recent weeks, analysts foresee some slowing of spectacular exchange growth rates in the immediate future.

David Owen

ONE THING about the mining business is that it is not slow to react to changing fashions in investment. When, for example, platinum prices started to climb on the recognition that politically troubled South Africa produces nearly all the world's supplies of the precious metal, along came share promotions of new small exploration companies, all with highly promising platinum prospects in other countries.

The same thing continues to happen with gold. Whether many of the small fry holding "promising" gold prospects in Australia and elsewhere will succeed in opening up quality mines, let alone repaying the shareholders' capital by way of dividends, is - not to put too fine a point on it - a matter of some conjecture.

Still, some of the world's greatest mines grew out of the efforts of small operators seeking a grubstake. To be on the safer side, investors looking for opportunities in the non-South African gold producers have turned to the more established North American and Australian issues.

Inevitably, this pushed share prices up to unrealistic levels in many cases. But as Ian Wright of London stockbroker Laing and Cruickshank, points out in the firm's latest quarterly review, share prices of the non-African golds have eased in the past six months, and for security and gearing the purchase of quality stocks can be recommended.

The one he particularly likes is Newmont Mining, which

## Investors switch attention to US

announced this week has the unusual make-up of a Canadian company holding US gold interests and backed by Australians.

It is Colosseum Gold Mines, in which the Australian companies Grants Patch Mining and Regent Mining will have a joint interest of 36.2 per cent after the proposed private placement of 6m shares in Colosseum at a price of C\$7 (about 330p) per share.

The newcomer will have a 75 per cent stake in the open-pit Colosseum gold mine in California, which is expected to produce 70,000 to 77,000 oz of gold a year starting in 1987.

The company also has options of 50 per cent on the smaller, but higher grade, London gold mine in Colorado and 27.95 per cent of the Greens Creek gold-silver-lead-zinc project in Alaska.

Meanwhile, back in London, shareholders of the less-than-prosperous Hampton Gold Mining Areas natural resource group are facing a decision. Wednesday is the closing date for the offer of 150p cash for their shares from the Metals Exploration group, controlled by Australian Alan Bond, which already claims to hold 80 per cent of them.

ranked as the second largest gold producer in the US after Homestake Mining and has other important natural resources assets as well. London's Consolidated Gold Fields holds some 26 per cent of the company.

This week, Newmont announced that its proposed offering of 5m shares in its Newmont Gold subsidiary is to be made at a lower-than-expected price of \$9.50 (about 62 1/2p) a share. The offer will still leave the parent company with at least 94.5 per cent of Newmont Gold, which was formerly known as Carlin Gold Mining.

The big Carlin open-pit gold operations in Nevada are expected to turn out more than 400,000 oz of gold this year. The parent, Newmont Mining, also owns 70 per cent of the big Teller mine in Western Australia, which produced 143,275 oz of gold last year. Significantly, perhaps, Newmont Mining is putting all its exploration efforts into gold.

Another interesting float (although not in the same class

The Hampton Areas board advised rejection of the bid, pointing out among other things that the company's assets are worth 205p per share. However, at less another bidder emerges at this late hour, a more important consideration is whether Hampton Areas' slowly recovering U.S. earnings would support a share price of 150p.

There could be some doubt on this score but, as the company has been at some pains to point out, its 75 per cent-owned Hampton Australia gold subsidiary is full of promise. It is believed to be the jewel that Bond seeks. Perhaps the choice facing Hampton Areas' shareholders is whether to sell their shares in the market and reinvest in Hampton Australia, or wait and take the Metals Exploration cash.

● The completed feasibility study of the Pine Tree gold project, near Mariposa in California, of Goldenbelt Resources is expected later this year. Financing negotiations have started for the \$60m-\$80m production. Potential output is reckoned to be over 100,000 oz of gold a year and some production could be seen by early 1988.

● Lac Minerals has arranged a C\$140m credit facility with the Royal Bank of Canada in order to supplement existing working capital and provide funds for general corporate purposes. The credit includes a three-year gold loan.

Kenneth Marston

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FT28/6

**SUN LIFE**

**PROFESSIONAL PORTFOLIOS**

The Strawberry Mets

DARRYL STRAWBERRY, one of a clutch of top stars to whom the New York Mets owe their best-ever start to a baseball season, was always tipped for greatness. Six years ago, when he was a lanky 18-year-old...

this month the Mets had the best record in baseball (31-13) and a six-game lead over the Montreal Expos. At the start of this week the lead stood at 10. All of which is in mind-numbing contrast to the Mets of old. Loved, they may have been; successful, they were not.

George Foster, the letter of whom entered the 1986 season with 334 career home runs, which put him 40th on the all-time list. Davey Johnson doesn't pull punches when discussing his own players. Darling, he has said, is "a thorn in my side. You have to understand that he's a Yale guy, very intelligent, but for a person that smart he doesn't take the time to analyse his own stuff."

equally determined to repair baseball's financial structure. "Twenty-one out of 26 teams lose an important amount of money every year, no matter what method of accounting you want to use. When one team's revenues are \$3m and another's are \$5m and they have to compete against each other, it's not balanced."

category that Strawberry was projected. In a scouting report, Alexander enthused about the young Californian prospect with these words: "A complete player. Arm-speed, field, hit and power. Great body. Will get better in every department. Just might be that superstar of the very near future. Can do it all... No weaknesses."

Frank Cashen decided to make a change. Frank had been hiring paternal, older managers. Every player's dad, Cashen decided to go to a younger manager. He decided he wanted someone decisive and outspoken, someone who wasn't afraid to make a decision, who wasn't afraid to gamble. I know in my own mind that I was the man for the job.

Sports are owned by Doubleday Mets, which bought the franchise for \$21m in 1980. Publisher Nelson Doubleday is chairman of the Mets. Harazin says that ticket sales, hot dogs, programmes, etc. yield about two-thirds of Mets' revenue; broadcasting and scoreboard advertising provides the rest. "If you play well, gate sales are very good. Last year 2.75m people actually bought tickets. This year I'd like to see us draw 3m, but we'd need terrific weather to do that. The payroll is our biggest single cost. In '86 our 24-man payroll will be about \$15m, plus bonuses and pensions."

Under a hazy sky, we stuffed ourselves with hot dogs and sodas. Halfway through, we all stood up and sang Take Me Out To The Ball Park. When a seven-year-old Mets' fan next to me started filling in the "wrong" player polling card, his father leaned forward and shouted: "That's an American square card, for chrissakes. What are you, Tommy, some kinda communist?"

Other voices soon chimed in. Mets' general manager Frank Cashen described Strawberry as "the most hellacious prospect I've ever seen" while hitting instructor Bill Robinson ventured that "some day he'll hit a ball as far as any man alive."

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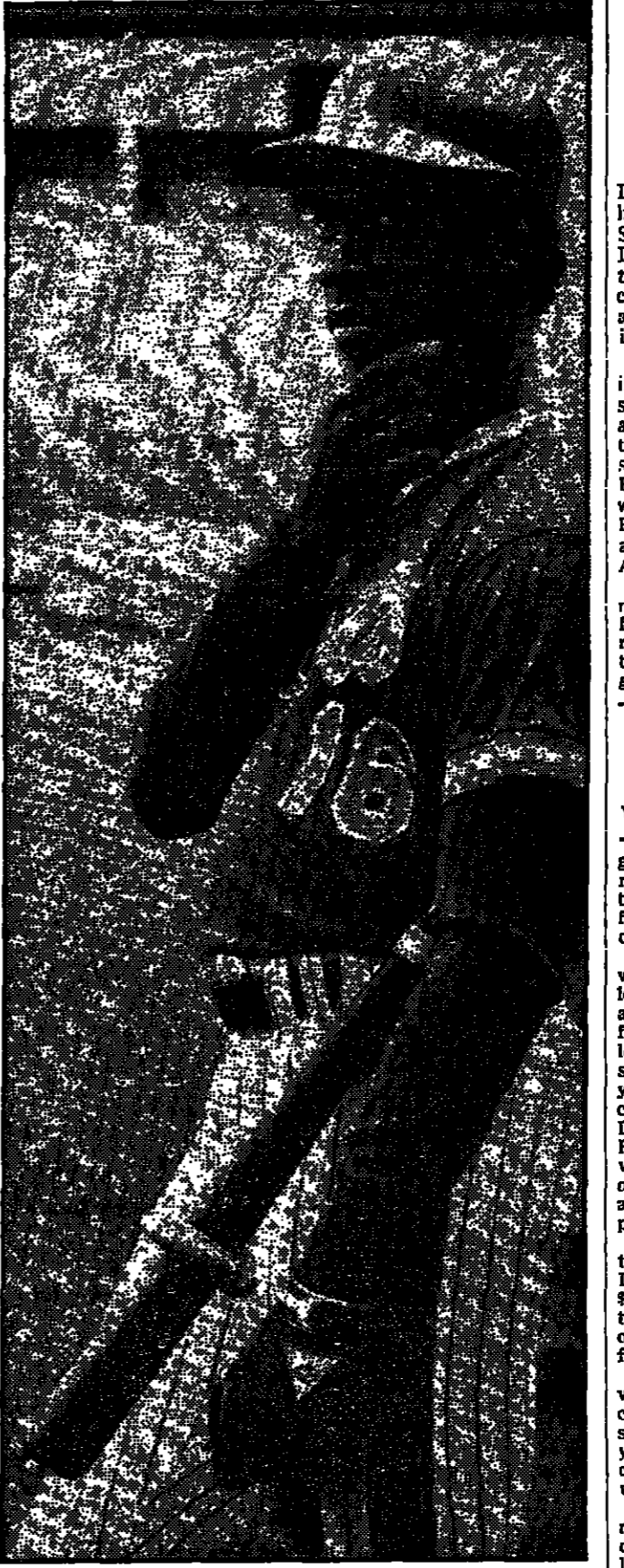
Under a hazy sky, we stuffed ourselves with hot dogs and sodas. Halfway through, we all stood up and sang Take Me Out To The Ball Park. When a seven-year-old Mets' fan next to me started filling in the "wrong" player polling card, his father leaned forward and shouted: "That's an American square card, for chrissakes. What are you, Tommy, some kinda communist?"

What Belmont taught buyers

IN THREE weeks time, race-horse buyers at the Keeneland Selected Yearling Sales in Lexington, Kentucky, will fill their lungs with the aroma of cigar smoke and money and hurl at one another bids barnaced in noughts. What the buyers will be looking for is a horse to lift the spirit—like Danzig Connection, a neat bay colt that powered through the mist and rain and squealing sloop of New York's Belmont racetrack on June 7 to win the 118th running of the Belmont Stakes over a mile-and-a-half, at the third leg of the American Triple Crown. My own experience at Belmont was utterly conventional, for I enjoy a time-honoured relationship with bookies and the Tote. I hand them rather grand sums of money and they

Second, the Belmont proved yet another sentimental journey for one of the grand old men of American racing, trainer Woody Stephens, 72, whose fifth consecutive win in the Belmont was the following Creme Fraiche last year. Swale in 1984, Cavat in 1983 and Conquistador Cielo in 1982. Before this year's race, Stephens advanced the subtle view that "it's a good year to take a chance with not the best horse." On the strength of that view, Stephens is presumably not the best trainer, for in the past five years he had won the Belmont for four different owners and with three different jockeys, three times from on or near the lead, twice from far behind, and only once with the favourite. Each of his five winners was trained in a different way. Although he had only three warm-up races, Danzig Connection won the Belmont in style, providing, incidentally, a triumph for Stephens over two fellow septuagenarians: Walter Kelley, 79, trainer of John's Treasure, and Charlie Whittingham, 73, trainer of Ferdinand. Whittingham is king of West Coast racing, just as Stephens is king in the East. Stephens concedes that some day he'll retire—decide that he's risen above his own mania, mornings, and that it is time to tell his horses to start lining up someone else to train their horses. But he didn't do it last year, and he won't do it this year—mainly because of the "babies."

One trainer's advice for the big race: "A good year to take a chance with not the best horse." Stephens concedes that some day he'll retire—decide that he's risen above his own mania, mornings, and that it is time to tell his horses to start lining up someone else to train their horses. But he didn't do it last year, and he won't do it this year—mainly because of the "babies."



Mets' pitching ace Dwight Gooden. He is "one in a million," says his manager.

Michael Thompson-Noel

FT CROSSWORD PUZZLE No 6,059

A crossword puzzle grid with numbers indicating starting positions for words. The grid is partially filled with letters.

Prices of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword No 6059. The Financial Times, 10 Cannon Street, London EC4A 3DF. Solution next Saturday.

- ACROSS 1 Marsh-bien wipe-out State (3, 9) 10 Rogers's mousetraps controlled with one finger? (7) 11 Redbug makes Reggie go back endlessly to church (7) 12 One in North Carolina to retire as tobacco-exporter (5) 13 Principal way to inject a virus (8) 15 Smoker's requisite makes Georgia more fragile (3-7) 16 Circular letters include greeting for state (4) 18 Lincoln, say, common on 14? (4) 20 Rabbit in sea-island extremity (10) 22 What's not lost? Well it is — (Extra Pound) (8) 24 No star of screen but someone better than usual (5) 26 Garland theme included this iris? (7) 27 Antiquated newspaper found in the frontier-station (7) 28 Elrick Welsh excited hurry to Idaho (3, 7) DOWN 1 Shows Congressional leader envies wildly (7) 3 Move off—in a hurry? (8) 4 State giving up territory for a woman (4) 5 Californian flower for marriage, perhaps, with love (8) 6 Revolutionary character from Phoenix. I once produced (5) 7 Language of side on the ball? (7) 8 Here, part-songs arranged for secretarial sons (1) 9 Settled parley-site for the old anti-slavery group (4, 4, 5) 14 Route up to, and including, west — always (10)

SATURDAY TELEVISION AND RADIO

- 7.36 Newsdayton. 7.45 Pwy Gyn Part 2. 8.15 Grand Canal. 9.00 The Cosby Show. 9.30 The Orchestra. 10.00 Feature Film: "Caque d'Or". 11.40 Scotland Yard. 12.00 News. 12.30 News. 12.55 News. 1.00 News. 1.30 News. 1.55 News. 2.00 News. 2.30 News. 3.00 News. 3.30 News. 4.00 News. 4.30 News. 5.00 News. 5.30 News. 6.00 News. 6.30 News. 7.00 News. 7.30 News. 8.00 News. 8.30 News. 9.00 News. 9.30 News. 10.00 News. 10.30 News. 11.00 News. 11.30 News. 12.00 News.

SUNDAY

- 8.55 am Play School. 9.15 Knock Knock. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 The Great Palace. 11.00 The Story of Parliament. 11.30 The Story of Parliament. 12.00 The Story of Parliament. 12.30 The Story of Parliament. 1.00 The Story of Parliament. 1.30 The Story of Parliament. 2.00 The Story of Parliament. 2.30 The Story of Parliament. 3.00 The Story of Parliament. 3.30 The Story of Parliament. 4.00 The Story of Parliament. 4.30 The Story of Parliament. 5.00 The Story of Parliament. 5.30 The Story of Parliament. 6.00 The Story of Parliament. 6.30 The Story of Parliament. 7.00 The Story of Parliament. 7.30 The Story of Parliament. 8.00 The Story of Parliament. 8.30 The Story of Parliament. 9.00 The Story of Parliament. 9.30 The Story of Parliament. 10.00 The Story of Parliament. 10.30 The Story of Parliament. 11.00 The Story of Parliament. 11.30 The Story of Parliament. 12.00 The Story of Parliament.

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ONE OF London's Edwardian houses—8 Addison Road, W.14—will be the venue today for a Contemporary Arts Fair organised by the Richmond Fellowship. 11.30-6 pm.